No. 32,378

PARIS, TUESDAY, MARCH 31, 1987

Trade Fears Jolt World Financial Markets

Dollar Slides To New Low Against Yen

By Ferdinand Proteman International Herald Tribune
FRANKFURT — The U.S. dolin plunged to another postwar low against the Japanese yen on Mon-day as lears of a full-scale trade war between the United States and Ja-pan unleashed a torrent of panic

pan interacted a torrent of panic selling by Japanese investors.

The sell-off, which pushed the action below 145 year in Asia before it recovered slightly, swept aside an interaction by the Bank of Japan estimated at \$2 billion.

The dollar also fell against other

in against other major remember also remember in New York and Emope, though less spectacularly than in Tokyo.

In Tokyo, the dollar closed at (45,00 year, down more than 4 year short 149,20 on Friday. The record the when it touched 144.70 year.

It railed later in London, to 146.30, but still ended helow Friday. 146.30, but still ended below Friday's close of 147.70.

in New York it finished at 146.275 yen, down from 147.20 on

Friday.

Also in New York, the dollar fell helow important support points at 120 Deutsche marks and 6.0 French francs. It closed at 1.7995 DM, compared with 1,8165 DM on Friday, at 5.9972 French francs against 6.0435, and at 1.5000 Swiss francs, versus 1.5135. But the British pound slipped marginally to \$1.6070 from \$1.6085.

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The sudden sell-off was trig-gered, dealers said, by the Reagan administration's announcement of frustration and resentment toup to \$300 million worth of Japanese electronics products, possibly including television sets, personal

computers and stereo equipment. The proposed sanctions would go into effect April 17. The United States says they are intended to reaucratic procedures for slowing force Japan to live up to an agreement reached last July to open its home market to American-made computer chips and to stop "dumpchips below cost in foreign

markets to gain market dominance. Fear that the sanctions might be the opening shot in an all-out trade war caused Japanese speculators to See DOLLAR, Page 21

Kiosk

Rupert Murdoch, the com-munications magnate, has

agreed to acquire Harper & Row Publishers Inc. for about \$284 million. The 170-year-old

book company has published such authors as Aldous Huxley.

Thornton Wilder, John Cheever

The \$65-a-share bid repre-

sented a substantial premium over two other offers, the high-

est of which was \$50 a share.

Harper executives said in New

York that the board would rec-

ommend the offer in sharehold-

NASA's Explanation

CAPE CANAVERAL, Flori-

da (Reuters) - There are

strong indications that light-

ning knocked an Atlas-Centaur rocket out of control after it was annuched on Thursday, forcing

flight control to destroy it, John

Busse, a NASA investigator,

Production of Citroen's

"deux chevaux," the car as symbolic of France as pack of Gauloise ciga-

rettes, is to be shifted to

The U.S. Air Force is study-

ing the possibility of building

portable atomic reactors for use

North Korea bas agreed in a

South Korean proposal for a

Foes of the Pinochet regime

hope for support from Pope

John Paul II during his Latin

A New Caledonlan bas

warned France of the dangers

Le Corbusier's centennial

Portugal.

GENERAL NEWS

during wartime.

America trip.

of a referendum.

ARTS/LEISURE

Page 17.

Page 3.

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said Monday.

Page 17.

and E.B. White.

Murdoch to Buy

Harper & Row



A currency trader in Tokyo on Monday, where the dollar fell below 145 yen to a new low before recovering slightly.

patient."

U.S. Threats on Trade May Alienate Japanese

By Susan Chira

TOKYO - The Reagan administration's moves toward trade reward the United States that is alteady on the rise in some circles

The discussion over trade is gen-erally more temperate in Tokyo than in Washington, and some Japanese criticize their country's buthe flow of imports. But a growing number of government and busi-ness leaders believe that the United States is using Japan as a scapegoat for problems of its own making.

With the rising exchange rate of the yen against the dollar pushing corporate profits down and unemployment up in Japan, a small but marcising portion of the Japanese

Many in U.S. Label Japan **Unfair Trader**

By Clyde H. Farnsworth New York Times Service

WASHINGTON — Japan is seen by many in Washington as the archetypal unfair trader.

The world's second largest econonly exports everywhere but is re-hictant in open its own markets to foreign products, according to business executives, Reagan ad-not likely," Reuters reported from business executives, Reagan ad-ministration trade officials and Washington.] many members of Congress.

The imbalance - now yielding surpluses for Japan even larger than those run up by the Organization of Petroleum Exporting Countries in its heyday - has strained relations with every trading nation and produced the first move by the . the survey began in 1978 and down United States in the postwar period to retaliate against Japan on trade. Senator John C. Danforth of Missouri, the ranking Republican on the trade subcommittee, has

said of dealing with Japan: "We negotiate, we harangue, we cry, we sob, we plead, and nothing hap-The sense of resentment in Washington is being fed by several perceptions. One is that Japan does not live up in the trade agreements it signs. Examples, according to U.S. negotiators, are the semicon-

ductor pact and Japanese commit-ments on telecommunications, tobacco and the rights of American lawyers to pracoce in Japan.

See TRADE, Page 21

public feels burt by what it sees as an unappreciative and unjust United States. Sankei Shimbun, a daily newspaper, in a recent editorial characterized Washington's trade position as "self-righteous and im-

The Japanese appear unanimous in believing that the solutions being suggested in Washington will not erase the trade deficit. Many argue that Japanese import barriers, while regrettable, are not the main reason for Japan's huge surplus in merchandise trade with the United

The real causes, they say, are uncompetitive U.S. products and the eagerness of American consumers to buy rather than save, as the

Tokyo officials generally continue to show restraint as they defend their nation's policies. But there are signs that the Japanese are becoming increasingly resentful of what they consider unfair U.S. pressure at a time when they are already

suffering from the yea's strength. Last Friday, President Ronald States would impose \$300 million in new tariffs on Japanese-made consumer goods because Japan had been selling low-cost semiconductors in the United States in violation of an agreement.

[Asked to comment Monday on statements by U.S. officials that it may be possible for Japan to avoid the sanctions ordered Friday, Mr.

The results of an annual survey, recently released by the office of Prime Minister Yasuhiro Nakasone, showed a sharp drop in the number of Japanese who said they felt close to the United States -67.5 percent, the lowest level since

from 75.6 percent last year. Masahiko Ishizuka, editor of the Japan Economic Journal, a weekly published in English, recently wrote that the main cause of the U.S. deficit was excessive American personal consumption.

"This means," he wrote, " that Americans must accept an absolute decline in their standard of living in order to relieve their nation's economic woes, for which they mistakenly blame the Japanese and oth-

Kazno Nukazawa, director of the international economic department of the Keidanren, Japan's leading business organization, says In 1980, Japanese companies there is a resentment in Japan agreed to import American auto-against the supposedly condethere is a resentment in Japan See JAPAN, Page 21

Stocks Fall In N.Y., Tokyo And London

By John Meehan

NEW YORK — Concern about the dollar and the increasingly stri-dent exchange between Washington and Tokyo over trade drove prices in U.S. stock and credit murkets sharply lower in early trading Monday. Prices recovered some-what by the close.

On the New York Stock Exchange, the Dow Jones average of 30 industrial stocks plunged 79 points in the first hour of trading, extending Friday's 36.79 point drop. In the first 40 minutes of trading, 52 million shares had changed hands.

At the close, the Dow average had climbed back to 2,278,41, down 57.39 points from Friday's

Major stock markets elsewhere were sharply down, as well, in Lon-don, the Financial Times-Stock Exchange index of 100 leading shares fell by its targest margin in points terms in a single session, dropping 46.1 to close at 2,002.5. In Tokyo, the Nikkei 225-share market index had its second-largest fall, diving 550.45 to end at 21.675.04. Traders cited concern over U.S.-

Japan trade as a key factor in the declines in London and Tokyo.

In U.S. credit markets, mean-while, prices of U.S. government securities fell to their lowest levels of the year amid mounting concern about potential damage from the dollar's sharp slide against the yen, dealers said.

"All the selling is dollar-related. It's borrisic," one trader told Rev-

The key The percent, 30-year Treasury bond fell to a 1987 U.S. low of 96 4/32 at the close, well below last Friday's closing price of On the NYSE, the market

seemed to have second thoughts as the day were on about the panicky sell-off that characterized the opening. Analysis blamed the steep drop on the lingering worry that the U.S. Federal Reserve would be forced to increase interest rates if central banks could not arrest the dollar's drop on foreign exchange

Moreover, fear that the dispute between the United States and Japan could degenerate into a trade war had many observers speculating about possible retaliatory measures that Tokyo could initiate against American companies.

There was a subtle shift from cautious optimism to cautious pessimism," said Hugh Johnson, chief strategist for First Albany Corp., in characterizing the market's mood. Despite the drop, analysts were

quick in play down the notion that Monday's activity could trigger a See MARKET, Page 6



Van Gogh Painting Brings an All-Time Record

An auctioneer at Christie's of London signaled the sale Monday to an anonymous bidder of Van Gogh's "Sunflowers" for \$39,92 million. The price, which included a 10 percent premium to the auction house above the price posted in the background, was a record for any work of art. Page 2.

Islamabad Says Its Jets Shot Down Afghan Warplane Inside Pakistan

ISLAMABAD, Pakistan - Pakistani jet fighters shot down an intruding Afghan warplane Mooday over an area where more than 150 people have been killed in Afghan air raids, officials said.

A Defense Ministry spokesman said Pakistani Air Force lighters hit the plane about 10 miles (16 kilometers) inside Pakistan near the border town of Parachinar. He said the Afghan plane went down in the mountains north of the town.

Military patrols were searching for the wreckage, but it was not clear if the pilot bad guided it back across the border into Afghanistan before it crashed, the spokesman

Border officials said the Afghan plane was shot down by two American-made F-16 fighters. The Pekistani jets hit the Afghan plane with a mistile, the officials said.

The ministry spokesman said the type of plane shot down bad not been identified. All Afghan Air Force planes are of Soviet origin.

A Foreign Ministry spokesman said in Islamabad last week that at least 152 people have been killed in Afghan air attacks along the border

since March 23. Pakistan aids and shelters Moslem guerrillas fighting the Afghan government, which is supported by an estimated 115,000 Soviet troops. An estimated three million Afghan

refugees live in Pakistan, most of them in camps along the border. Pakistani F-16s shot-down an Afghan warplane in a doglight over Parachinar in May 1986. That was the only other time Pakistan

claimed to have shot down an Afghan warplane. Pakistan warned the Afghan ing warplanes would be shot down. The Defense Ministry said Mon-

day: "The government of Pakistan has been warning the Kabul regime to desist from violating Pakistan air space. It was again made clear to them after their wanton attack on innocent civilians March 23 that any aircraft violating Pakistan air space will be shot down."

Paris May **Expel Aide** Of Soviet

ESTABLISHED 1887

Attaché Expected To Be Implicated In Ariane Spying

By Julian Nundy onal Herald Tribun

PARIS — France plans in expel the discovery of a spy ring that sought information on European space technology, diplomatic sources said Monday.

French news media reports said that the diplomat most likely to be asked in leave the country is Valeri Konorev, an assistant air attache at the Soviet Embassy in Paris.

The alleged spy ring, which was broken up two weeks ago, includes two East European women, a Ro-manian and a Soviet citizen.

The French Foreign Ministry spokesman declined all comment on the matter "for the moment." but diplomatic sources said that a formal expulsion order was immi-

The spy ring, operating out of the city of Rouen, about 90 miles [140 kilometers) northwest of Paris, was principally interested in a factory that made some of the motors for Ariane, a French rocket operated by the European Space

Agency, according to the Interior Ministry. The motors, fueled by a mixture of liquid bydrogen and liquid oxy-gen, are manufactured by the Société Européenne de Propulsion near the Seine valley town of Ver-

non, near Rouen. They power the existing Ariane-4, which has put a series of communications satellites into orbit. The Vernou plant also is building a moinr to power the Ariane-5, which is to launch the European space shuttle Hermes on its first flight in

Some reports said Monday that Mr. Konorev was one of two diplo-mats likely to be expelled. Mr. Konorev was believed to have been responsible for operating the network from the embassy.

The reports said that seven Soviet diplomats bad been connected with the Rouea group.

There was no official confirmation that others were involved nor any indication of their identity or

The lawyer for Pierre Verdier. the alleged French leader of the ring, said last week that the Romanian woman, Antonetta Manole, 41, had betrayed the ring last year out of rivalry with the Soviet wom-

an, Lyudmilia Varygin, 31. The lawyer said that Miss Manole had written an anonymous letter of denunciation to the office of Prime Minister Jacques Chirac af-See SPIES, Page 2



A THATCHER CHALLENGE ON NUCLEAR ARMS - Margaret Thatcher, the British prime minister, told Mikhail S. Gorbachev during her speech Monday in Moscow that she would not alter support for the U.S. space-based arms system. Page 2.

Soviet May Let Jews Go To Israel Via Romania

By Bill Keller New York Times Service

MOSCOW - The Soviet Union has agreed that future Jewish emigres will be sent to Israel by way of Romania, making it more difficult for them in settle in Europe or the United States instead, according to an American rabbi who said be had negotiated the new procedure.

Jews who are allowed in leave the Soviet Union usually travel through Vienna, where most receive American entry visas.

Rabbi Arthur Schneier, who said he negotiated the new transit procedure with Communist Party leaders in Moscow and Bucharest tast month said in a telephone interview from New York that the move could result in a further increase in exit visas granted to Jews.

"Soviet officials say that one rea son for having a restrictive policy on emigration is that the applica-

tions are not genuine," said the rabbi, who is president of the Freedom of Conscience Foundation, a New York-based coalition of business and religious figures that works on religious freedom issues. "People apply to go to Israel, and then they don't." But he said Soviet officials had

made no specific commitment to increase the number of exit visas as part of the new procedure. The Soviet Union has not com-

mented on any change in the proce-In Jerusalem, a Foreign Ministry

official said he had no knowledge of Israel's having been informed by the Soviet Union about any such In the last few months, Israel has

been in almost weekly contact with Soviet representatives in the United States and Europe regarding So-viet Jewish emigration. Representatives have also discussed a possible reopening of Israeli-Soviet diplomade relations, severed in 1967 by Moscow, and possible Soviet participation in a Middle East Deace conference.

Israeli officials have pressed the United States to change its immigration policies in deny Soviet Jews refugee status, in hopes that more émigrés would settle in Israel.

in recent years, an estimated 80 percent of the Soviet Jews who have left with Israeli visas have claimed refugee status in Vienna and moved to the United States or Western Europe.

Under the new plan, Mr. Schneier said. Jews who are granted exit visas to move to Israel would be transported to Romania and then flown to Tel Aviv without an opportunity to claim U.S. refugee status. He said that the details remained to be worked out, but would include provisions to prevent emigrants from obtaining vi-

Mr. Schneier, whose organization has dealt with Soviet officials for more than 20 years, said be had received assurances from Alek-See JEWS, Page 2

Look Who's Brushing Up on Shakespeare — and in Stratford! with the message that this once-booming industry in sundry ways, including the esmill mwn was getting back on the map as a thetic. That couplet summarizes the plot and one of the show's principals, sipping tea in breezy allure of Porter's "Kate." a play his dressing room. "I've done all that, in

By Francis X. Clines New York Times Service

BRADFORD, England - "Brush up your Shakespeare," two singing gangsters advised the other night on center stage in this careworn northern city. "Just declaim a few lines from O-thel-la and they'll think you're a helluva fella."

The two actors were exemplifying something of a local new business ethic as well at putting fresh life into American musical as demonstrating again the show-stopping power of Cole Porter's lyrical tribute to first choice. This represents a considerable Shakespeare, his collaborator of sorts, in a gamble of the RSC's trans-Atlantic stature, long-awaited revival of "Kiss Me Kate."

They opened io Stratford, then on to gray Bradford, one of the depressed northern cities lately vying for economic revival on the strength of the nation's permanent resource in Bardic wit and theatrical art.

"With the wife of the British Em-bessida ury a crack out of Troilus and Cressida," the troupers sang, and the audience happi-ly tripped with them across an evening of peerless double entendre and theatrical romance from Shakespeare and Porter. The music and lyrics resounded locally

This is not merely another opening, another show. For the Royal Shakespeare Company, the nation's reigning classic ensemble, is unveiling its long-awaited debut classics, and Porter's 39-year-old "Kate" is strengthened lately in exporting such home-grown musical hits as "Les Misera-

And this West Yorkshire city, about 175 miles (about 280 kilometers) north of London, has begun redeeming its \$13 million West End theater belt in London. There sical tour. have been a score of similar theater renewal

straight Shakespeare as well, as he sipped 1948 tryout in Baltimore of "The Taming go on tour vowing in get your act together,

featured stop for the sold-out provincial "Even 'King Lear' worked well bere," within a play about the tempestuous backtour of "Kate" on her way down to the Old said Peter Tod, the Alhambra administratour of "Kate" on her way down to the Old said Peter Tod, the Alhambra administratour of "Kate" on her way down to the Old said Peter Tod, the Alhambra administratour of "Kate" on her way down to the Old said Peter Tod, the Alhambra administratour of "Kate" on her way down to the Old said Peter Tod, the Alhambra administrator, still surprised at the appetite for emoting of a band of touring actors in a sick stomach, a light with your tover. You

> They opened in Stratford, then on to gray Bradford, one of the depressed northern cities lately vying for economic revival on the strength of the nation's permanent resource in Bardic wit and theatrical art.

programs in the depressed provinces as snng the show-stopping gangsters, "just speare's "Shrew." England tries to deal with the loss of hard remind her that all's well that ends well." "Oh, I've been

risk in refurbishing a wheezing old Edwar- wine at one of the theater's handsome snug of the Shrew." The musical was suggested dian theater, the Alhambra, into a state-of- bars and celebrated Bradford's fortune in to a stage manager, Arnold Saint Subber, repairing their own failed marriage backthe art house that would be the envy of the winning 20 performances of the RSC's mu- who one day witnessed some backstage stage by the double final curtain. bickering between Alfred Lunt and Lynn "If her virtue at first she defends well," Fontanne as they were doing Shake-

"Oh, I've been there," said Tim Flavin,

and then you make your life messy." A broad smile of career satisfaction brightened the face of Mr. Flavin. He is a 28-year-old American-boro singer and dancer whose rave critical reviews on the mod may or may not ease the pain of his failed marriage to a show-business colleague, "one sweet lady," he said gallantly.

"No, it wasn't theater problems," he said, separating life from Bard. "We just didn't work as a couple." Audience bas it easier than actor, for the love-rooted plot of "Kate" has a happier ending, with the two Shakespearean leads

A few critics could not resist noting that even the RSC would do well to brush up its Shakespeare, but most agreed in savoring

this production of Porter renewed.

sas to change their destination.

By William E. Geist

New York Times Service NEW YORK - There are issues that continue to divide Americans, and fish for dinner is one of them.

"Fish taste like water," said Dave Bannister, slicing into a medium-rare, 16-ounce (480-gram) sirloin steak, well-marbled. He said it is amazing to him what people do to try to make fish taste good: blackening them, squirting lemon juice on them and drowning

"You could do the same thing to a wash cloth," he said, "and avoid bones."

this restaurant. One Fifth, in Greenwich Village, that was smoked, grilled and peppered ("Grilled, Smoked and Peppered Mackerel with Arugula and Endive"). They did everything to this fish but pistol-whip it and dress it in bermuda shorts.

The mackerel has been unceremoniously dumped from the menu, along with the "Posched Salmon Marinated in Mint with Pinto Beans," the "Gray Sole with Salmon Mousse, Lemon Sauce and Papaya Chut-ney," and the "Grilled Lotte with Chianti Classico, Olive Oil and Oregano."

These items have been replaced by the the top of the menu. They are served with rant, you thought it must be your fault. You baked potatoes topped with butter, sour grew up with steaks. You know if they're cream, chives and bacon bits — without good or not."

apology.
"You can order a side of spinach (sautéed lash.

"The restaurant went from doing 300 tables a week to 1,000 after the menu change, fish fish and more fish, even these fashion-

dered broiled red snapper. "They might as menus in New York, but the English ones as well just go ahead and list arteriosclerosis as well.

They used to have a fish on the menu at admitted they never liked fish, that they were ley Petersen, who further suggested meateaters sections in restaurants. "All this burnt ge, that was smoked, grilled and peppered "They were tired of no flavor," he said.

One customer said he was putting steak sauce on the fish his wife serves at home.

served at many nouvelle cuisine restaurants. "Food is to eat," William Denton, chimed

"I think people were tired of the pretentiousness that seemed to go hand-in-hand with this frontrou food," Mr. Rosen said. "If sirloin, the filet mignon and the prime rib at you didn't like something at a French restau-

Some diners said it got to the point where

"Look at this," said Benjamin Shaw,
"Or maybe a surgeon general's warning on
pointing to an item on the old One Fifth
menu: "Said her dinner companion, Shelmenu: "Baked Goat Cheese with Raddic-

chio, Haricots Verts and Hazelnut Vinaigrette.' I'm nnt quite sure what that really "Fish is something you eat on Friday for rarely happens when you think of poached blowfish.

penance," offered Raiph Grady.
"You can salivate just thinking about a steak," said Diane Rechtenwald. "This rarely happens when you think of poached blow-

fish" — called "sea robin" or "sea squab" in trendy restaurants. Mr. Rosen, who has been in the restaurant

business for years and who teaches restaurant management, predicts a trend toward more beef-eating, unting that other restaurants in the city have switched from fish houses to steak houses.

"It's occurin', habe," said Gil Schwartz, explaining that he believes eating beef is becoming trendy, and that the phrase "It's occurin" will soon replace "It's happenin" in American slang.

"If you give up everything you love in life," said Mr. Rosen, "and go around eating poached blowfish, why live?"

"Hear! Hear!" said Mr. Bannister, at once signaling his agreement with Mr. Rosen and heralding the arrival of his dessent: ice cream stuffed with M&Ms.

Thatcher Challenges Soviet on 'Star Wars'

MOSCOW - Prime Minister Margaret Thatcher vowed Monday that Britain would never give up its nuclear missiles. She accused the Soviet Union of developing a space-based defense system despite vehement denials by the Kremlin. Mrs. Thatcher said that any

greement between the United States and the Soviet Union to eliminate medium-range nuclear missiles in Europe would only be eceptable to Britain and other North Atlantic Treaty Organization countries if it included reductions in the Soviet short-range missile forces already based in Europe.

Her position echoed that taken by U.S. negotiators in Geneva. In a speech delivered at a state banquet in her honor given by Mikhail S. Gorbachev, Mrs. Thatcher applanded the recent release of pohtical prisoners by the Kremlin, but she said more prisoners must

be freed and emigration must be increased if Mr. Gorbachev wants to establish trust in the West. Earlier in the day, Mrs. Thatchcr. on the first state visit by a British prime minister to the Soviet Union in 12 years, held two rounds of talks with Mr. Gorbachev on

nuclear arms reduction and human In her speech at the banquet, Mrs. Thatcher scoffed at long-standing Soviet calls for a world free of nuclear weapons, saying such a world would be less stable and more dangerous.

Mrs. Thatcher, whose government has agreed to participate in research on the U.S. Strategic Defense Initiative, condemned by the Kremlin as the major threat to peace, warned Mr. Gorbachev that it was futile to try and halt the program, popularly known as "star

The Kremlin has denied it i working on a similar system of space weapons. Mrs. Thatcher's remarks were one of the most streightforward and highest level rebuffs of those denials.

The British leader suggested that Washington and Moscow negotiate a treaty strictly outlining the planned research programs of both

had not been enough in the past to stop two World Wars, the British leader said nuclear weapons have ensured peace for more than 40

Saying conventional weapons

"Without far greater trust and confidence between East and West than exists at present, a world without nuclear weapons would be less stable and more dangerous for all of us.

"That is why the government which I lead will not abandon the security provided for our country and for the NATO alliance by nnclear weapons," Mrs. Thatcher

observer status in the South Pacific stantial number of Melanesians

Forum, and that any provisional were against separation from

government might be recognized France. The Rally for Caledonia leader, Jacques Lafleur, said: "Most people in New Caledonia think it's nation than to be alone in a diffi- Court. cult world."

He said that per capita income in the territory was higher than in New Zealand and that French aid helped sustain this standard of liv-

France is subsidizing nearly onethird of New Caledonia's budget for 1987, and French government payments to the territory for development programs and civil service, police and military salaries were

pendence movement has waned, largely because people fear a resur-They said nearly all Europeans, more than total budget spending, Wallisians, Polynesians, Indoneofficials said. Mr. Yeiwene has asserted that sians and Vietnamese, and a subthere was a big difference between living standards and government

Yugoslavia Raises services in Noumea and those in the countryside where most Melanesians lived. He accused the French administration and its supporters of pursuing a deliberate po-licy to suppress and "marginalize" the Kanaks. Mr. Lafleur and administration

officials have denied this. They said raised domestic interest rates as rural development projects to ben-efit Melanesians were being ex-

The separatists are also concerned because the French plan would open the referendum to all

long-term residents of the terri-Mr. Yeiwene, vice president of

the Caledonian Union party, the main party in the Kanak front, said only that the "colonized people" of the territory had a basic right to vote in any self-determination referendum.

BELGRADE - A tremor regis

WORLD BRIEFS

2 Palestinian Women Hit by Snipers

BEIRUT (Reuters) — Sniper fire wounded two Palestinian works.

Monday as they protested in Burj al-Brajneh refugee camp against a feelblockade by Shiite Moslem Amal militiamen, Palestinian sources said:
They said clashes with automatic rifles and mortar bombs flared overnight around the settlement in southern Beirut, where at least 12.006 overnight around the settlement in southern Beirut, where at least 12,000 people live. Five unarmed people were killed by sniper fire at the nearby Chatila camp Sunday when about 150 women and children marched to the edge of the camp to stage a similar protest, a Greek-Canadian doctor. Chris Giannou. told Reuters by radio telephone.

Amal fighters have ringed the camps since Oct. 29. Doctor Giannou said conditions in Chatila, where 3,200 people are living in the lew surviving shelters, were "close to catastrophic." He said there were severe shortages of food, clean water, medical supplies and fuel.

Greece Says Oil Rights Dispute Is Over

ATHENS (Reuters) - Prime Minister Andreas Papandreou of Greece said Monday the crisis with Turkey over disputed oil rights in the Aegean Sea has ended. He said the issue should be decided by the International Court of Justice. The threat of war over the issue

cooled after Turkey said a research ship on its way to the Aegean would not enter the disputed area. Meanwhile, Greek Orthodox church leaders called for a protest march Wednesday to express opposition to the government's plan to take church lands. A debate is under way in parliament on a bill that would transfer 130,000 hectares (321,000 acres) of church lands to



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Shamir Retains Party Leadership

TEL AVIV (AP) - Prime Minister Yitzhak Shanar retained his leadership of the rightist Herut Party at the party's convention Sanday. Mr. Shamir, 71, was re-elected Herut Party chamman. He was unoposed.

The focus of the convention was a challenge to Mr. Shamir's political allies, which Mr. Shamir won when his candidate. Minister at Large Moshe Arens, was elected party secretary. Ariel Shamir, minister of trade and industry, was elected chairman of the central committee, the party's

main governing body.

In a speech after his re-election, Mr. Shame told his supporters the West Bank and Gaza Strip "will stay in our hands forever." Here considers Gaza, which Israel captured from Egypt in 1967, and the West Bank, captured from Jordan in the same war, integral parts of Israel. The delegates approved a resolution urging the government to amost both

Moslems Rally in India for Shrine

NEW DELHI (NYT) - More than 150,000 Moslems marched on Monday through central New Delhi under heavy police guard and then held a peaceful but emotional rally to demand the restoration of a disputed shrine that was turned over to Hindus last year. The gatherid, , was said to be among the largest held by any political group in New Delay.

Hindus revere the shane as the burimpiace of the god Ram and have vowed to oppose any move to give it to Moslems. Moslem politicians and theologians say the place is a mosque built in the 16th century by Babur, founder of the Mogal empire. It was shut and locked to both sides when the controversy flared 30 years ago. Last year a local judge ordered it opened to Hindus,

opened to rimdus.

The decision provoked widespread resentment among Moslems, who began a series of protests, culminating in the mass rally.

U.S. to Pull Out Marines in Moscow

WASHINGTON (UPI) - All 28 Marine guards at the U.S. Embassy in Moscow will be withdrawn next month to help in the investigation of two marines accused of allowing Soviet spies into the building the Marine Corps said Monday. They will be replaced by other marines.

"This measure is precautionary in nature and is intended to facilitate

an investigation of the security program at the U.S. Embassy," a statement said. "There's no evidence that any of the returning matines are

implicated in any wrongdoing."

At the same time, the lawyer for Sergeant Clayton J. Lonetree, one of the marines accused of spying, said the second marine accused but not formally charged in the investigation, Corporal Arnold Bracy, had recanted his story in a classified statement. Fartier Monday, the marines sent Sergeant Lonetree, 25, to Bethesda Naval Hospital for a pyschia sec.

Tennessee Loses Nuclear Dump Case

WASHINGTON (AP) -- The Supreme Court has turned down an appeal by Tennessee officials seeking a greater say in the location of a proposed nuclear waste storage depot in the state.

The court, without comment, cleared the way Monday for the Reagan administration to seek congressional authorization for the facility without first consulting state officials.

The 6th U.S. Circuit Court of Appeals had overturned a federal judge's ruling that the U.S. Department of Energy may consult with state better for them, for their children officials after Congress authorizes a site for the plant. The circuit court and their future to be with a big suspended the effect of its own ruling pending review by the Supreme

For the Record

e territory was nigher than in ew Zealand and that French aid sped sustain this standard of livLondon with a Foreign Office minister, Timothy Renton, on the disappearance in Lebanon of an Anglican emissary, Terry Waite. Mr. Jumblat's faction guarded Mr. Waite before he disappeared more than two that "even if their living standards months ago during his last mission to free Western hostages. (Reuters)

are not as good as they should be, they are better all round than those at least 74 bodies have been entombed since it sank March 6, said in independent South Pacific Monday they hoped to right the boat Friday. At least 134 of 543 people aboard the Herald of Free Enterprise were killed.

TRAVEL UPDATE

Afitalia pilots started five days of industrial action Monday, causing the cancellation of dozens of domestic flights and bringing chaos to several international services, airport officials said. The pilots plan to strike four hours every day until Saturday during the busy morning period to protest working conditions. Most airports are affected. (Reuters)

SPIES: Paris May Expel Soviet Aide (Continued from Page 1)

(Continued from Page 1)

ter Mr. Verdier, 36, married Miss
Varygin in July. The lawyer and
Moscow. Mr. Verdier's father said that Miss Manole and Mr. Verdier had been Police sources said that investi-

gators had treated the letter serisusly and had traced it to Miss Since the ring was uncovered,

seven persons have been charged with spying for an unnamed foreign power. Five of them, including both women, have been kept in

Mr. Verdier and another alleged member of the group. Michel Fleury, both graduates of the prestigious Polytechnique engineering school, worked for the National Institute of Statistics and Economic Studies, where Miss Manole was a secretary.
The daily Liberation said Mon-

day that the spy ring took an interest in several other factories in the Rouen region, including plants specializing in telecommunications.

Their objectives also included a factory belonging to the Hispano-Suiza company, where jet-engine parts are made. Libération said. Last year, France ordered the

Jan. 25, 1985. lie Menigon, 29, Joelle Anbron, 27, and Georges Cipriani, 35, were ar-

rested in a police raid on a farm in the Loire Valley on Feb. 21. Ballistic experts said that pactool 45 pistols found at the filter

had been used in General Andran's assassination. Miss Menigon and Miss Aubron had previously been been charged with the murder of departure of four Soviet diplomats. Renault automobile company. Georges Besse, the president of the

\$39.9 Million Is Paid for A Van Gogh

By Souren Melikian

LONDON — A composition of sunflowers in a vase painted by Vincent Van Gogh at the end of January 1889, the year befure his suicide, was sold Monday at Chrisue's for £24.75 million (\$39,92 million), the highest price in auction history for a work by any artist,

The price, which included a 10 percent sale charge to Christie's, far surpassed presale estimates of £10 million to £15 million. It more than tripled the previous record.

Officials would not identify the

buyer, saying only that the winning bid was placed by telephone by "an anonymous foreign collector. The previous record auction bid was £8.1 million paid in 1985 by the

J. Paul Getty Museum of Los Angeles for the "Adoration of the Magi" by Andrea Mantegna. The previous record for a Van Gogh was held by "Sunrise Land-scape," done in 1889, which was sold for \$9.9 million at Sotheby's in

New York on April 24, 1985. The huge price offered Monday for "Sunflowers," a 40- by 30-inch (100- by 76-centimeter) still life. reflects the intense competition between leading world institutions and powerful collectors for the handful of major pictures by artists such as Van Gogh that are still

privately owned. Of the five large-format compositions of sunflowers in an earthenware vase painted by the artist dur-France, only a few months before his derangement became apparent, the painting auctioned at Christie's

was the last in private hands. Very few of the more important pictures painted by Van Gogh during his last years, first at Arles and Saint Remy-de-Provence and later at Auvers-sur-Oise, remain outside

Three other factors boosted the sale. One was the provenance of the picture. It was originally bought by Lady Edith Beatty in 1934 from the Galérie Paul Rosenberg in Paris. 1t was inherited by Sir Chester Beatty, an American of Irish descent who became a British subject. He

It was being sold as part of the estate of his wife. Helen Beatty. Such a context is a guarantee that there will be no speculative maneu-

vering on the part of the vendors. Equally important was the psychological impact of two highly publicized exhibitions held at the Metropolitan Museum of Art in New York one in the fall of 1984 covering the Arles period and another, which ended recently, devoted to his last 18 months in Saint

The third factor is that the ven has been appreciating against major currencies over a long period. Van Gogh is probably the most admired painter in Japan, for whose art he had boundless admi-

Rémy and Auvers.

He went to paint in Aries hoping that the light conditions would allow him to have "a closer idea of the Japanese way of feeling and

Chamber Backs González

MADRID - Prime Minister Felipe González easily defeated an aftempt to unseat his Socialist government Monday. A censure mo-tion received only 67 votes in the 350-seat chamber of deputies, with 194 against and 71 abstentions. Eighteen members were absent.



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in butter) if it helps with the guilt," said the owner, Arnie Rosen.

"I don't like the change," said Brenda
Some diners said it got to the point where not only were they unable to read French said Mr. Rosen. "People finally got tired of a menu item."

able people in the Village. A lot of them the menu," said her dinner companion, Shel-You can salivate just thinking about a steak. This

"They were tired of going to restamants and paying \$125 for two people and walking away hungry," he said, referring to the at-tractive, but notoriously small portions

in, "not to frame and hang on the wall."

Not everyone agrees with this beef back-

pid. It's bad for your health."

- Diane Rechtenwald, restaurant patron

There has been a downturn in beef consumption during the past decade, because of warnings that the relatively high fat and cholesterol found in beef contributes to heart disease and cancer.

The Beef Industry Council recently counterattacked, coming to New York to an-nounce the start of a \$30 million advertising campaign, "Real Food for Real People," using Cybill Shepherd and James Garner as

"Sometimes 1 wonder if people have a primal instinctive craving for hamburgers," Miss Shepherd purrs in the ads. "Something

hot and juicy and so simple you can eat it with your hands."

TOXIC OIL TRIAL BEGINS - A woman made ill by tainted rapeseed oil six years ago chants "Murderers! Murderers!" outside the Madrid courtroom where 38

treated with analine and intended for industrial use only. Hundreds of demonstrators threw rocks at the defendants. Prosecutors say more than 600 people have died in

the case and 20,000 to 25,000 have been affected. people went on trial Monday for selling cooking oil North Korea New Caledonian Criticizes Referendum

Backs Talks

By John Burgess
Washington Past Service
TOKYO — North Korea agreed Monday to a South Korean pro-

posal for a meeting of the two sides' prime ministers. But it did not respond to conditions the South set for the talks, creating uncertainty as to whether the talks would take In a statement carried by its official news media, the North called for a ministerial-level meeting at

April 23 to lay the groundwork for will debate the referendum proposa prime ministers' meeting later. al in the first half of April. As of Monday evening the South In January 1986, the North suspended on-going talks with the South, citing a large military exercise held each spring by South Ko-rea and the United States. Both

months for restarting the discus-Two weeks ago, the South suggested a meeting of prime minis-ters, but said that the two sides first should reopen Red Cross and eco-nomic cooperation talks that were

sides have put out feelers in recent

the truce village of Panmunjom on

had not responded.

With South

suspended last year. In addition, the South called for Emigration Plan opening of discussions about a dam that North Korea is building near the demilitarized zone that divides the Korean peninsula. The South claims that the dam is intended as a weapon to flood its capital, Seoul.

Arab Leader Meets Gadhafi

The Associated Prest TRIPOLL Libya - The secretary-general of the Arab League, Chedli Klibi of Tunisia, met Sunday with the Libyan leader, Colonel Moammar Gadhafi, the Libyan press agency JANA reported Mon-



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PACIFIC WESTERN UNIVERSITY

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By Michael Richardson

International Herald Tribune NOUMEA, New Caledonia -- A separatist leader in New Caledonia has warned that if the French government presses ahead with its plan to hold a referendum on the future of the Pacific territory, supporters of the independence movement will transfer allegiance to a "provision-

al government" under their own "We will follow its decisions," Yeiwene Yeiwene, the separatist leader, said, referring to the provisional government, which has been established in form. "They will be

parallel to the laws and regulations of the colonial government." The National Assembly in Paris

Mr. Yeiwene is a close associate of Jean-Marie Tjibaou, president of the Caledonian Union party, the Kanak Socialist National Liberation Front, or FLNKS, and the front's provisional government. These two men and other leaders of the Kanak front are now in Paris for the National Assembly debate.

Mr. Yeiwene also warned, in an

(Continued from Page 1) sandr N. Yakovlev and Anatoli F.

Dobrynin, both secretaries of the

Soviet Communist Party, and from President Nicolae Ceausescu of Romania that the two governments had approved the procedure.

He said that it would be put into effect "shortly," but that he had not been given a specific time. Romania is the only East bloc nation that did not break relations

with Israel in 1967, and planes fly regularly between the two. Western diplomats and Jews who have been denied exit visus reacted guardedly to the idea. saying the real test would be whether Moscow actually permitted more Mr. Yeiwene said that the inde-

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pendence movement intended to make New Caledonia an issue in the French presidential elections in April 1988. President François Mitterrand, a Socialist, and the conservative government of Prime Minister Jacques Chirac are divid-

interview last week, that the inde-

ed on the issue.

The Socialists hoped to find a status for the territory acceptable to pro- and anti-independence forces. But that approach has been rejected by both sides and has led to considerable violence between

the opposing factions. The referendum, which the Chirac government has said will offer a choice between independence and autonomy within France, replaces a Socialist plan to move New Caledonia toward independence in association with

in the draft law to be submitted to the National Assembly. More than 30 persons were killed and dozens wounded in politically related violence in New Caledonia in 1984 and 1985.

This violence and blockade tac-

tics adopted by separatist militants

Details of the referendum will be

damaged the economy, causing serious disruption to tourism, one of the territory's two main revenue With the approach of the referendum, which the French govern-ment says will be held by August, tensions are rising again. Leaders of the two main political parties here remain deeply divided over

main part of France or become The Kanak from draws the bulk of its support from Melanesian Kanaks, the original inhabitants of the territory. But they now form only about 43 percent of the 145,000 population.

whether the territory should re-

They are outnumbered by Europeans, mainly French settlers, and smaller groups of immigrants from Indunesia, Vietnam and two French dependencies in the Pacific. the Wallis and Fortuna islands and

pendence movement would seek

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Interest Rates as Debt Talks Start BELGRADE -- Yugoslavia has

part of efforts to curb inflation.

Weak trade figures highlighted

by some members of the group.

The South Pacifie Forum links

Australia, New Zealand and 11 in-

dependent or self-governing island-

states. It has been critical of the

handling of New Caledonia by the

Chirac government and was instru-

mental in having it placed on the

UN list of nonself-governing terri-

tories in December, against strong

On the other side are senior offi-

cials of the French administration

here and leaders of the main anti-

independence party, the Rally for

Caledonia in the Republic Party. or

Rally for Caledonia, which is a

close ally of Mr. Chirac's party, has

asserted that support for the inde-

French objections.

gence of violence.

the economic crisis as Yugoslav of-ficials began talks Monday in Paris with Western creditors on refinancing about \$5.1 billion due this year and next. Yugoslavia's foreign debt totals \$19.7 billion. Earlier this month, a partial wage freeze caused nationwide strikes and led the government to

freeze prices as well.

mes have deteriorated.

The increase was annunced over the weekend. Rates will go up between 20 and 30 percentage points on domestic savings deposits in an attempt tn encourage people to save and restrain spending. Rates had ranged from 51 percent on six-month deposit accounts to 66 percent on three-year accounts.

Small Quake Hits Romania

tering 4.2 on the Richter scale shook the area around Foesani, in Western economists said Yugoslavia had to show the Internationthe Vrancea Mountains of northeast Romania, early Monday but al Monetary Fund it was serious in no damage was reported, the offitrying to deal with its problems. cial Agerpres press agency said. The region has been hit by a series Inflation is at an annual rate of almost 100 percent, and trade figof quakes since mid-1986.

4 French Leftis Charged in Killing

In April 1983, the French government expelled 47 Soviet officials

for espionage, but Moscow did not

retaliate against French officials in

PARIS - Four alleged leaders of the leftist terrorist group Direct Action were charged Monday with the murder of General René Audran, a senior Defense Ministry official, who was killed near Paris on Jean-Marc Rouillan, 34, Natha-

Pat Robertson Tacks Away From Television Preachers' Storm

of 57 with a ready smile, was the subject of

A graduate of Washington and Lee Uni-

maintains that the fallout

among the evangelists in

Biblical Seminary; a holder of an honorary

this exhaustive introduction:

While Robertson

from the infighting

no way affects him,

damage to his

campaign.

political analysts see

By Wayne King
New York Times Service

NASHUA, New Hampshire - The Reverend Pat Robertson, pressing his cru-sade for the presidency in New Hampshire, school with a specialty in tax law. His

At first Mr. Robertson, who despite mimuscule poil ratings led the Republican field in early Republican Party tests in Michigan and South Carolina, said the practiced law. But Mr. Robertson, who is animosity among television evangelists was "a parinde to an accelerating revival."

Then, after a late-night buddle with aides last week, he began dismissing as an accelerating the statement of aberration the matter that provoked the divisiveness: the sex scandal and shakeup at the Reverend Jim Bakker's ministry on

the PTL Television Network. When queried about the namoil, Mr. Robertson would ask if the Janet Cooke affair, in which a journalist won the Pulitzer Prize for a story later found to be a fabrication, meant that all journalists were hars, or if Ivan Boesky's transgressions meant all stock traders were shady. His mitial approach seemed to play well

in the churches, but the new one appeared to do better with secular audiences. Changes in tack to match shifts in political winds are nothing new in the testing stages of political campaigns, but in Mr. Robertson's case, there seemed a differ-

has been working hard to keep a distance father, A. Willis Robertson, a Democrat, screed 14 years to the House of Representatives and 20 more to the Senate, rising to become chairman of the Banking Commit-

also a seminary graduate and ordained Southern Baptist minister, has a television

He is a "charismatic Christian," who says abortion "has murdered 25 million babies," that only the religious have the dedication to bring up children, that those who argue that children are wards of the state are guilty of "Nazism" and that while parents are totally responsible for their children, the children "belong to God." In speeches, sermons and interviews, he

rates, drug use, AIDS, unemployment, divorce rates, the national debt, the projected Social Security shortfall - with the ease of a polished campaigner.

reels off a barrage of statistics - on crime

doctor of divinity degree from Oral Roberts University; the founder of the Christian Broadcasting Network, a \$70 million enterprise; the owner of three other stations, bringing in an additional \$30 million Sometimes, as when he took the pulpit at a year, and a station in Lebanon on the Israeli border, broadcasting in English and the little Community Chapel of the Church of the Nazarene here in Nashua Thursday Arabic; founder and chancellor of CBN

ence, perhaps basic. One approach came night, he seems to be conducting both a University, with 944 students in five graducting of the prescher, the other from the political campaign and a religious revival. That view, coupled with strong anti-States."

versity, Yale University Law School and bathing the choir.

Mr. Robertson translated the parable of the talents into a "tale of free enterprise," in which the biblical entrepreneur "rented a caravan of camels, perhaps from the Hertz of the day," and took to the path of commerce, doubling his money and returning to his master the equivalent of \$5 mil-

It was by applying the biblical principle of using one's talents, Mr. Robertson said, that he turned a small investment in a dilapidated television station in 1959 into a Christian cable network that is now hooked into 34 million homes.

Asked in an interview if he believes in a return to a theocracy that the U.S. Consti-tution specifically bars, Mr. Robertson re-

any way appropriate, but I do believe that jority," foreshadowed the emergence of the we have clearly a theistic country whose institutions—and I quote Justice Douglas

"The whole evangelical-fundamentalist - whose institutions presuppose a supreme being I think our declaration, the But Mr. Phillips said that before the PTL Northwest Ordinance, the Constitution it- shakeup, "there was evidence of growing self, the foundational documents of our grass-roots support" for his campaign.

The congregation applauded. Television among evangelical Christians. He maintainers flanked the pulpit, their lights that the primary goal of American bathing the choir. Communism, have drawn fervent support nism but cradicating it.

His followers turned out in large enough numbers to seize the Republican Party machinery in Michigan, and appear to be in a position to do so in South Carolina.

But such caucuses hinge far more on the fervor of a few than on mass appeal, and it nains to be seen whether he can broaden his support or whether it is, as some political analysts say, "a mile deep and a foot

While Mr. Robertson maintains that the fallout from the inlighting among televi-sion evangelists over the PTL turmoil in no way affects him, political analysts see damage to his campaign.

plied:

"A theocracy implies that the priests are running things, which I don't believe is in whose book "The Coming Republican Ma-

movement becomes a caricature," he said,



Pat Robertson campaigning in Rochester, New Hampshire.

U.S. Studying Portable Reactors For Backup Power in Nuclear War

By Richard Halloran

New York Times Service.
WASHINGTON — The U.S. Air Force is exploring the possibili-ty of building several hundred small nuclear reactors that would generate electrical power in a pro- tainers that would be used for before Congress that daily power tracted nuclear war, according to air force, Department of Energy, congressional and industry offi-

The officials estimated that the plan would take five years to execute and would cost about \$20 bilhon for 300 reactors.

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The reactors, which would be transported by air around the country and overseas, would produce emergency electrical power fur computers, communication lines, weapon lannching sites, support equipment and repair shops, the officials said.

- They would be used if the commercial power grid on which the air force relies were destroyed by nuclear attack.

The Department of Defense has requested \$5.5 million for the project in the fiscal year beginning Oct. 1. That money would be used to make a partial payment on an \$11.9 million contract being negotiated between the government and

".Westinghouse.
Six companies in the nuclear industry submitted design concepts.
Westinghouse was referred to subunit a detailed design for reactors that could produce 10 megawatts, according to Gary S. Flora, the air o force's associate director of engi-

neering and services. After a survey of U.S. bases, Mr. nuclear reactors. House Science and Technology largely on commercial power grids ment publicly until after the con-Committee on March 19: "The De- for electricity to operate a wide tract under negotiation had been

.. TEL AVIV -- Israeli and Ameri-

can leaders welcomed on Monday

the resignation of an Israeli Air

Force colonel implicated in the

Pollard spy case, but U.S. officials said that Washington did not re-

indicted in the United States this

month on charges of recruiting a U.S. Navy intelligence analyst to spy for Israel, resigned Sunday as commander of the Tel Nof air base

after only three weeks in the post

The colonel said in a letter of resignation that he was stepping

down for the good of Israel and to

try to improve relations with the

United States and American Jews.

After Colonel Sella was promot-

base, south of Tel Aviv, the United

States announced that U.S. mili-

tary and civilian personnel would

have nothing to do with the base as

We welcome it as a helpful

step, a U.S. Embasy spokesman said of the resignation. The re-striction on Tel Nof is now lifted

but Colonel Sella remains off-lim-

The Israeli prime minister, Yitz-

hak Shamir, said of the colonel:

"He did what he had to do."

Colonel Aviem Sella, who was

gard the affair as closed.

the evaluation of this potential."

The dimensions and weight of siles. the reactors, the nature of the contransporting them, and other safety factors have not yet been decided. Underground concrete and steel shelters would be designed to protect them on site.

If the program goes into production, the air force and Department of Energy probably would place the first orders in the United States in more than 10 years for nuclear power plants.

The project, which officials said the air force had tried to keep out of the public eye, seems likely to provoke political dispute as it pro-

On one side, the officials said, the project is vital to the Reagan administration's strategic strategy and to the air force, which charged with developing most of the weapons and supporting structure to fight such wars. The nuclear industry that would produce the reactors are deemed likely to support the project.

On the other side would most likely be anti-war groups, environ-mentalists who oppose nuclear power, and a variety of others who would say the plan will add to the federal deficit

Much of the debate will probably go on in Congress, which must mation relayed from space and approve all funds for research, development and production of the

Today. partment of Energy recommended range of equipment and facilities, signed.

'Helpful Step' in the Pollard Affair

But U.S. Says Israeli's Resignation Won't Close Case

small nuclear reactors as one viable from gyroscopes aboard ballistic option which could satisfy our missiles standing ready in silos to needs and proposed to assist us in support sites for bombers armed with nuclear bombs or cruise mis-

Air force officials have testified requirements for bases today range from 5 to 60 megawatts during peak demand, and cost \$900 miltion last year. They have estimated that wartime demands would be double that requirement.

The electric power grids are highly vulnerable to attack, sabotage and terrorism, air force offi-

Only small diesel generators and batteries would be available in emergencies, and many of those would be as vulnerable as the commercial power supply. The generators, moreover, would require oil or gasoline, supplies that would be disrupted during a nuclear war.

That is why, the officials said, the air force is seeking sources of electricity that could be protected from repeated nuclear attacks and could continue to provide power to command posts, communications apparatus and weapons as American nuclear forces kept firing.

said survival of communications would be the critical element in a nuclear conflict. The president, his senior aides and military commanders must be able to get inforaround the world, and to transmit orders to dispersed forces.

A spokesman for Westinghouse

Pinochet Foes Hope for Papal Advocacy

By Juan de Onis

SANTIAGO - Pope John Paul Il leaves Tuesday for a trip to three Latin American countries, including Chile, where his visit will test the Roman Catholic Church's opposition to the repressive military regime of President Augusto Pino-

The Chilean church has been at he deposed the leftist government terrorism and political activism by of President Salvador Allende, who priests.

died in the 1973 coup.

Faced with the danger of polarsince General Pinochet took ization, the church has been insisternment supporters, some priests have been jailed and scores of foreign priests have been expelled.

The pope will also visit Argentina and Uruguay, where the words and actions here will have church's leaders have belped in unavoidable political effects. their countries' return to democracy in recent years.

visit Chile for six days, and go on to Argentina for another week, returning to Rome April 13.

In Chile, the issues that have forced the church into confrontation with the regime include political assassinations, torture of prisoners, exile of opponents, censorship, cultural restrictions

and anti-labor policies. General Pinochet, who is a Roman Catholic and goes to church services, has avoided a break with the church, but he is often sharply critical of the bishops here. He has told Cardinal Juan Fran-

cisco Fresno, the archbishop of Sentiago, to keep the church "out In these circumstances, the first

visit by a pope to Chile is a political event Both the government and its partisans, and the opposition, are trying to turn the six-day visit to their

advantage. "The pope will be visiting a divided society," said the Reverend Renato Hevia, who is editor of the Jesuit magazine Mensaje. "Everyone is waiting to see how the world's highest moral authority

will address the situation he finds. The opposition political parties are confident that the pope will condemn human rights violations and political repression in a way that supports a return to democracy here through free elections after 13 years of military rule.

General Pinochet is governing under a constitution that calls for a plebiscite in 1989 to decide if he should stay on another eight years. The church has declared that what

Chile needs is a free election with former President Jean-Claude Du-cited recent cases of torture, the guarantees for opposition parties valier or in Nicaragua under the failure to prosecute members of the Sandinists.

Chile, Paraguay and Suriname, have the only remaining military governments in South America. General Pinochet and Chile's conservative Roman Catholics present the visit as a recognition of the egitimacy of the government.

The government hopes the pope odds with General Pinochet since will condemn Marxism, political

power, two priests have been killed, ing that this is a pastoral visit, Vatibishops have been stoned by gov-can officials say the pope is coming erament supporters, some priests to be with the Chilean people, as during his visit to Poland, where he did not embrace the government.

But as in Poland, the pope's unavoidable political effects. In his previous Latin American

trips, the pope has never failed to This is the pope's seventh trip to back up the national bishops, par-Latin America. He is to arrive in ticularly when they are under at-Uruguay Wednesday. He will then tack, as they were in Haiti under

The role of the church here is tions of political opponents and the the pope on the Chilean situation. He was interviewed on the condition that he not to be named

There is no conflict that will make the pope keep his silence," said Eduardo Cardinal Pironio, an Argentine prelate and the highest ranking Latin American at the Vat-

The Chilean church, particularly in the archdiocese of Santiago, exemplifies the "progressive" current within the Latin American Church. It has provided legal aid for po-

litical prisoners, organized low-income settlements against police repression, and fed the unemployed.

not to overthrow Pinochet, but we deliberate burning of demonstraare not going to be silent in the face tors, and the summary dismissal of abuses," said a Chilean bishop since January of 7,500 teachers, who has had a key role in informing "That gives me a pain" General "That gives me a pain," General

Pinochet commented on the pasto-ral statement. "The statement sounds like it was drafted by a political party." After an assassination attempt

against him by Communist guerrillas in September, General Pinochet ordered the expulsion of two French priests from the La Victoria settlement, where the Reverend André Jarlan was killed during a sweep by security forces in 1984.

> The pope will meet privately with General Pinochet at the presidential palace on Thursday, his first full day in Chile.

The last pastoral declaration be-fore the visit by the Chilean bish-ops, two weeks ago, was sharply criticized of the government I criticized of the government. It and departure ceremonic

Spanish Civil War Victims Beatified Elevation of 3 Nuns Could Revive Church-Left Hostility

By John Tagliabue

New York Times Service ROME - In a move that could revive old antagonisms in Spain, Pope John Paul II has beatified five persons, three of them Carmelite nuns executed in one of the most vicious phases of

the Spanish Civil War.
The ceremony Sunday came only two days before the pope was to leave for a two-week visit to South America, and appears to be a significant victory fur conservative forces among Spanish-speaking Catholics.

The pope said Mass on Sun-day with 630 priests, 34 hishops and six cardinals, including the archbishop of Madrid, Cardinal Angel Suquia Goicoechea. The service in St. Peter's Basilica elevated the three women and two men to ranks of the "blessed" of the Roman Catholic Church. Beatification is the final step before

The three nuns were Sister Maria Pilar de San Francisco de Borja, who was 58 when she was killed. Sister Maria Angeles de San José, 31, and Sister Teresa del Niño Jesús, 27. They were seized and slain by a firing squad on July 24, 1936, after they fled ment uf Prime Minister Felipe

the Monastery of St. Joseph in Guadalajara, when Republican soldiers and leftist militiamen reconquered the city from forces loyal to Franco.

process resumed in 1983, when Soain was well into democratization, but the Vatican has resisted efforts toward mass beatification, insisting instead that each

Spanish clerics, Cardinal Marcelo Spinula y Mestre, who as archbishop of Seville was called the Congress of Deputies, a relathe "beggar hishop" for his work among the poor, and Father Matuel Domingo y Sol, a priest noted for his work with youths. Cardinal Spinola died in 1906 and Father Domingo in 1909, and their beatification was viewed as underscoring the church's support for social change. A movement has been afoot

for years in Spain to achieve the beaufication of about 1,000 priests and nuns killed in the civil war. Pope Paul VI suspended the process in 1964 to avoid reopening wounds.
Pope John Paul II ordered the

case be handled individually. for the Spanish Socialist govern-

Sunday's service was awkward

the wounds left by the civil war. Governments of predumitrantly Catholic countries usually send high-ranking officials to The pope also heatified two such services, but Spain was represented by Leopoldu Torres Bourseault, deputy president of Moreover, Mr. Torres is di-

González, who has sought to heal

vorced, a fact perceived here as slighting the Vatican. The question of religious persecution, including the killing of thousands of nuns and priests, has intensely occupied historians of the civil war. Hugh Thomas, the historian and author of "The Spanish Civil War," cites statisties published under Franco's regime according to which 12 hish-ops, 283 nuns, 4,148 priests and

2,356 monks were killed by leftist forces. Franco's regime supported efforts to obtain the canonizations. Critics of the courch have argued that the anti-clerical outbursts were a reaction to the clergy's hroad support of Franco's uprising against Spain's legal government, and to the church's

wealth and links with the Span-

Swedes Confirm Illegal Arms Shipments to Mideast But he said that he knew of no

International Revald Tribune
STOCKHOLM — Officials of

Nobel Industries confirmed Monday that an armaments subsidiary was involved in illegal arms sales, and gave details of extensive smuggling of weapons, ammunition and

Anders Carlberg, managing di-rector of Nobel Industries Sweden AB, said that he expected a criminal investigation of Bofors, the sub-Meanwhile, the police reported sidiary, and that company auditors that four black civilians died and a would continue a separate inquiry. He did not rule out the possibili-

other destinations blacklisted by

ty that the investigations might reveal that Bofors, Sweden's biggest arms maker, had smuggled weapons to Iran. But he said he was not aware of any evidence that Bofors had sent its advanced Robot-70 anti-aircraft missiles to Iran.

saying that two shipments of the the 1920s and who continued to laser-guided Robot-70s had been work on stage and in movies fur sent to Singapore with the knowl- more than 50 years, died Thursday would consider overturning a edge that they would be shipped to in Essex, Connecticut.

He confirmed this at a news con-Swedish law forbids the export

the award for the evangelist's tions at war or in areas of military tension, including the Middle East. Mr. Carlberg said that an inter-nal investigation had led Bofors to of "The Three Musketeers" in make it a classic after its publica-

> man of Nobel, said Monday that a (1944), "Kiss and Tell" (1945), with Louis Blériot" in 1983, which bomb or rocket attack by Irish former managing director of Bo- "Dream Girl" (1948), "Bernar- they also wrote.

signed from the board. Mr. Thunholm said there was

reason to consider Mr. Winberg and Martin Ardbo, who recently resigned as the Bofors managing to East Germany by a legal pur-director, as "morally guilty" of chaser in Austria Ammunitation see Mr. Carlberg would not place a ltaly.

value on the illegal dealings by Bo-

and Dubai, cannon to Thailand, they would be resold to Bahrain.

several hundred million kronor.

known to him were worth up to other Nobel subsidiary.

These transactions included the in shipping weapons to Singapore

chaser in Austria. Ammuni ton was also smuggled to Kuwaii through

The amminition and explosives fors, but said that the transactions were produced by Nobel Kemi, an-

Oman and East Germany. evidence that Swedish government The missile and cannon shipofficials knew of or had sanctioned ments were made through appar- the illegal weapons transactions. ently legal purchases by Singapore, while the explosives were diverted

A Swedish peace group, the Swedish Peace and Arbitration Society, which originally raised the smuggling accusations, bas expressed doubt that the arms sales could have gone unnoticed within

The Bofors affair has received Mr. Carlberg said that Bofors wide coverage in the Swedish press, There are 6.3 kronor to the dollar. officials consciously broke the law and Mr. Carlberg said that was why Nobel was breaking a policy of not shipment of Robot-70s to Bahrain in the early 1980s, knowing that commenting on a matter subject to

Walter Abel, American Actor, Dies

New York Times Service dine" (1957), "Mirage" (1965) and NEW YORK — Walter Abel, "Grace Quigley" (1985).

Mario Former Mario

Mario Former Mario

Trace Quigley

**Trace Qui Mr. Carlberg was quoted in the latest issue of a Swedish weekly as earliest plays of Eugene O'Neill in Martin Provensen, 70,

> mas before a role in the George S. York. Kaufman-Moss Hart play "Mernily

He appeared in about 60 movies,

Illustrated Children's Books

NEW YORK (NYT) - Martin Provensen, 70, a illustrator of chil-Mr. Abel played in a variety of dren's books, died Friday of a heart Broadway comedies and melodra- attack in Clinton Corners, New Mr. Provensen and his wife. Al-

of Swedish-made weapons to nations at war or in areas of military tract with RKO in 1934.

We Roll Along" won him a conice, also an illustrator, worked as a team for more than 40 years. Their illustrations for the "Fire-

cancel several weapons orders which be played D'Artagnan, tion in 1947. Their work ranged "where some degree of doubt was "Arise My Love" (1940), "Hold from simple stories such as "Katie present" as to their legality.

Back the Dawn" (1941), "Holday the Kitten" in 1949 to "The Gloridan Erik Thumholm, the chair-lini" (1942), "Mr. Skeffington" out Flight: Across the Channel of Nicht and Market a

Mario Formenton, 58, president

of Mondadori, one of Italy's largest publishing groups, over the week-end of a liver tumor in a Paris bospital. Mondadori announced Nikolai Yermakov, 60, a Soviet

Communist Party official closely linked to the economic changes sought by Mikhail S. Gorbachev, the Soviet leader, after a long illness, Pravda announced Monday

IRA Kills Soldier in Belfast United Press International

BELFAST - A British soldier was killed and three others wounded Monday near central Belfast in a guerrillas on an army patrol.

Dutch Minister Urges Talks By EC on AIDS Entry Tests advocate tests for acquired immune

But other Israeli officials said ments by Israeli political leaders Colonel Sella's resignation was a that the colonel's departure would

The Associated Press THE HAGUE - Justice Minister Frederik Korthals Altes of the Netherlands has called for a conference of the 12 nations of the European Community to discuss AIDS tests for non-EC nationals arriving at EC borders and ports of

Mr. Korthals Altes said Sunday that such a conference of EC health, justice and interior ministers should be held as soon as possible to deal with the issue of whether - such border controls are desirable and feasible, a ministry spokesman

The minister did not explicitly

deficiency syndrome, which under- June 1982. mines the body's natural ability to combat disease. He said that although Dutch authorities are allowed by law to administer AIDS Monday to write letters of support tests to foreigners entering the 10 Mr. Pollard and his wife. Netherlands, this country "is too "The Pollards are not alone small to go it alone."

result of pressure from some senior

officials and from elements within

U.S. officials agreed with state-

the Israeli military.

The Dutch law allows authorities the Jerusalem Post. to subject foreigners to a health test It called on Israelis to write to if there is reasonable suspicion they Mr. Pollard at the Missouri prison are suffering from a contagious disease threatening public health here, but it has not been invoked to per-tenced to five years in prison as an form AIDS tests at the country's accomplice, is in a Kennicky jail. ports of entry. As of Dec. 31, 218 cases of AIDS had been reported in cently to raise funds to cover the the Netherlands, including 126 couple's legal costs, estimated at United States. A decision is expect-

Israel's main ally and arms suppli-

The US officials said the Reagan administration was awaiting the results of two Israeli inquiries into the case and possible U.S. legal action against other Israelis involved in the espionage.

"The heat's not off altogether but it is probably a little down," a

U.S. official said. Colonel Sella indicated that he would remain in the air force in an undisclosed capacity. He was indicted in Washington on March 3 by a federal grand jury that said he was instrumental in setting in motion the espionage activities of Jonathan Jay Pollard, the navy analyst.

been made while the colonel was on a study leave at New York Univer-Mr. Pollard, 32, was sentenced on March 5 in the United States to

a life sentence for espionage.
U.S. justice officials have said they are considering whether to ask for indictments against three Israeli Embassy officials alleged to have been involved in controlling Mr.

Colonel Sella, a computer expert. is considered to be one of the most talented pilots in the Israeli Air Force. He was the deputy commander of the 1981 Israeli air strike that destroyed the Iraqi nuclear reactor in Baghdad, government offi-

In addition, they said, he was one of the architects of the highly com-plex Israeli air raid that wiped out the Syrian surface-to-air missile network in Lebanon during the first week of the Israeli invasion in Meanwhile, an Israeli fund-raising committee, "Citizens for Jona-

than Pollard," urged Israelis on "The Pollards are not alone," the group said in an advertisement to

The committee was formed re-(Reuters, NYT) ed next year.



Administration officials have Ex-Censor Quits Party in South Africa

JOHANNESBURG - Louis Nel, the government official who was in charge of enforcing censorship in South Africa during the height of racial strife last year, said Monday that he would not be a candidate in the whites-only election for Parliament on May 6.

Mr. Nel withdrew after newspaper disclosures that he had been involved in a deal to buy South African government property in Tokyo, He was removed in December from the post of deputy information minister. He said on the state radio Mon-

day that he had not come under pressure to leave the ruling National Party but that he was withdrawing his candidacy in a Pretoria constituency to devote his time to The opposition Progressive Federal Party charged that Mr. Nel had

either been pushed aside by the National Party or had resigned to The nationwide state of emergency imposed in June in an effort to crush widespread rioting in black townships included severe reporting restrictions. Mr. Nel, who was regarded by foreign reporters as uncompromising, had argued that accounts of violence had fu-The contact was said to have

eled anti-South African sentiment and had provoked sanctions by other nations.

■ Cabinet Nominee The National Party on Monday nominated Harry Dilley, the mayor of Simonstown, near Cape Town, as its candidate to replace the minister of environmental affairs and tourism, John Wiley, 60, who committed suicide Sunday, United Press International reported.

fifth person was injured Saturday when their van set off a land mine on a dirt road near the border with Court to Review

Falwell's Award WASHINGTON - The Supreme Court said Monday that it \$200,000 award won by the Rever- Bahrain and Dubai. end Jerry Falwell against Hustler magazine and its publisher, Larry ference Monday.

"emotional distress," caused by an advertising spool in Hustler, violated the magazine's rights to free The court's decision could set guidelines on the legal protections afforded satire and parody in the

The justices will decide whether

Trade Has Its Rules

The White House declaration of a chip war with Japan is an unhappy event, but something like it was inevitable. The Japaoese assault oo the world market for semiconductors and integrated circuits has raised too great a threat to the American producers in an industry that the United States, like Japan, regards as crucial.

The response that President Reagan now

promises will be the first instance of American trade retaliation against Japan. That is extraordinary when you consider the long history of trade disputes between them and the enormous impact of Japanese imports on many American industries.

The issue here is predatory pricing pricing that is beld below the cost of production to buy a dominant share of a market. It is illegal for an American company at home, and it ought to be illegal in international trade. A lot of American manufacturers in other industries have complained of Japanese pricing practices. Why is the administration finally forcing the questioo on chips rather than autos or steel or machine tools? Predatory pricing was not always so clear in the other products, and judgments there were complicated by the evidence that the Japanese producers were simply more efficient than the Americans.

Semiconducinrs present a clearer example. But policing prices is never easy. In the agreement between the two governmeous

last year, the Japanese pledged greater imports of American chips into their market and no more dumping in third countries. The Reagan administration charges that neither of these promises has been kept. The more important of the two is the prohibition against dumping worldwide, and it is especially hard to enforce on unwilling adversaries without the kind of marketsharing and cartelization deals that are the death of healthy competition.

Prime Minister Yasuhiro Nakasone is to visit Washington at the end of next month, a gesture that both he and his host presumably hope to use to limit the political impact of the chip war. But oow the United States is trying to reach beyond the diplomats and force a change in the way that several big lapanese companies do business.

The United States has for some time been trying to deliver the message — to which the Japanese have proved remarkably resistant — that as it has grown strong and wealthy, Japan can no longer expect to have its less acceptable habits overlooked by its trading partners. With strength come responsibilities. There are certain disadvantages to being a great economic power, and one is to be treated at last not as a dependent and a client but as an equal. That means, among other things, living by the same trade rules as other great economic powers.

- THE WASHINGTON POST.

Afghan Pressure Policy

flown by Afghan pilots are striking across the border at Pakistan. The aim is intimidation. By raising the stakes in its eight-yearold war in Afghanistan, Moscow hopes to impel Pakistan to accept its peace terms. That would mean cutting off all outside aid to Afghan insurgents and giving 115,000 Soviet troops 18 months to mop up an abandoned resistance.

The trick for America is to keep helping the Afghan rebels without undermining other important interests in a region beset by violence, fundamentalism and, in the Gulf sector, escalating threats to neutral shipping. This makes for two complex balancing acts.

First, the United States must balance its anti-Soviet goals in Afghanistan with its global ouclear nonproliferation policy. Washington needs Pakistan's cooperation in the Afghan fight, and that requires shipping substantial amounts of arms to and through Pakistan. Yet providing them unconditionally could convince Pakistan that it can continue to develop a nuclear weapons capability with impunity, that Washingtoo would not dare cut off aid simply to stop proliferation.

No one has a good answer to this problem. Washington is wise to maintain the arms pipeline, while sustaining maximum pressure on Islamabad to stop its nuclear weapons program. At the minimum, this calls for something like the formula proposed by Senator John Glenn. The Ohio Democrat favors continued military aid if President Reagan is able to certify that Pakistan has stopped producing weapons-grade nuclear materials. To settle for any-

thing less would amount to condoning Islamabad's ouclear ambitions and mock the conpreliferation efforts of decades.

The second balancing act is between India and Pakistan. Citing the Afghan border raids, Pakistan says that it urgently needs AWACS early-warning planes, jewels of the American arsenal. Here, surely, caution is needed to avoid inflaming a rivalry that has ignited three wars. The immediate need is to establish whether Pakistan really requires this advanced aircraft and other sophisticated devices or whether adequate substitutes are available. Again, the decision is a tough one, because Indian leaders are certain to fear that the new weapons will be used against them. In the meantime, Pakistan might consider redeploying some of its aircraft from the border with India and move them oearer to the Afghan frontier. This would send the necessary signal.

For all their differences, India and Pakistan both fear the Soviet presence in Kabul and want a Soviet withdrawal. The sticking point is the future of the Afghan regime kept power by Soviet troops since 1979.

Soviet signals are confusing, suggesting that Mikhail Gorbachev still hesitates to risk the fall of a Soviet-installed regime, At this juncture, it would be no service to Soviet leaders genuinely seeking an exit, if such exist, to reward border raids with concessions. Far better for Washington to sustain the military pressure in Afghanistan, balancing this as far as possible with the search for an Afghan peace, for nuclear restraint and for detente on the subcontinent.

- THE NEW YORK TIMES.

Pay College Athletes

ern Methodist University, his alma mater, Representative John Bryant of Texas has introduced legislation to cut off all federal funds to colleges that make under-the-table payments to athletes. Given the American propensity in seek a legal solution for every problem, such a proposal was probably inevitable. But it is not wise. A better solution would go in just the opposite direction: Pay athletes outright and let them stop masquer-

ading as students and amateurs.
With a long athletic tradition, a big stadium to fill and a position in the fiercely competitive Southwest Conference, Southern Methodist was almost bound to cheat. The disclosure that the chairman of the board of governors approved illicit payments was shocking but not surprising. On other campuses, top officials insulate themselves from knowledge of such dirty details.

Last year's SMU was the University of Georgia. A wrongful dismissal suit by a remedial English instructor, Jan Kemp, revealed a wholesale sellont of academic standards to athletic competitiveness. Athletes were enrolled in easy courses and kept ebgible for sports, but were never really expected to graduate. Scandal has stained other schools recently — Tulane, Clemson, the University of Maryland, the University

Provoked by the football scandal at South- of Minnesota, Memphis State and Texas Christian, to mention just a few.

Ideally, colleges would simply get out of the business of sponsoring athletic entertainment, but that is not going to happen. Too much depends on it: too many jobs. too much excitement and ton much revenue from big-time sports - directly from tickets and television, and indirectly in contributions from electrified alumni. That dependence oeed oot mean surren-

der. Reform can be achieved by ending the connection between academic performance and athletic eligibility. Let schools like Southern Methodist create a league and openly pay athletes to play for them. Any athletes who wish to and are academically qualified could also attend school, like other students. But their employment as players would be completely unrelated.

This arrangement would answer several needs. It would allow colleges to continue reaping the publicity and financial benefits of sports, but as strictly auxiliary enterprises. It would allow talented young basketball and fontball players to prepare for professional athletic careers in a straightforward minor-league arrangement. Best of all, it would remove the corrosive conflict between athletics and academics.

-THE NEW YORK TIMES.

Other Comment

Chips War: A Bad Example

If the multilateral trading system enshrined in the General Agreement on Tariffs and Trade is to survive, it needs the wholehearted commitment of the United States. That commitment looks fragile. At the end of last week the Reagan administration announced plans to impose tariffs on certain Japanese electronic products. This is to punish Japanese companies for alleged failure to abide by the terms of last year's semiconductor trade agreement between the two countries, which was designed in curb predatory pricing by Japanese manufacturers and to

open up Japan's domestic market to U.S. suppliers. That agreement was itself of doubtful legality under GATT rules; the European Community is challenging it. Last

week's decision is even more dangerous. By resorting to aggressive, unilateral ac-tion, the United States is setting a bad example just at the time when a new GATT round of trade negotiations is getting under way. It is extremely worrying that political leaders are making no attempt to proclaim the virtues and benefits of a liberal trading system. but instead are pandering to the protectionist

instincts of national interest groups. - The Financial Times (London).

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OPINION

Post-Pollard: A Senator Helps the Wound to Fester

X/ASHINGTON — Senator David Durenberger of Minnesota, until recently the Republican chairman of the Senate Intelligence Committee, called to set up n breakfast date last week. Fine with me. I had heard he was a nice guy, maybe a little flaky, and I assumed that he wanted to explain his recent gaffe.

According to someone present who took notes, Mr. Durenberger told a group of Jewish leaders in Palm Beach, Florida: "We changed the rules in the early '80s. We recruited an Israeli to spy on Israel and he got caught ... I can't justify Pollard, but I can understand it."

Despite the disclaimer, that was intended to reassure Jews that "everybody did it," and that Israel was justified in retaliating by hiring an American to betray his country. By offering comfort to the higher-ups in Israel who are trying to conceal their wrongdoing, the senator strains the ties between Israelis and Americans.

My mind was fixed on this issue just as my mouth was fixed for an elegant breakfast at Washington's Grand Hotel, But at the last minnte, his office called to cancel; no flaky croissants and no senator. Nor was he available to talk on the telephone. An aide made clear that I was the last person in Washington he wanted to talk to about the Jonathan Jay Pollard affair.

Why the sudden clam-up? A few calls by Martin Tolchin of The New York Times unearthed the story: Acting on complaints from senators and administration officials, the Senate Ethics Committee had begun an investigation of Mr. Durenberger's apparent breach of security. "This is censure stuff," one angry senator told me. Only six

W years now, those who urged us to enter the world of MIRV have

assailed the drastic increases in ou-

clear weaponry spawned by the ill-considered technological innovations that they endorsed. Yet a number of

them, notably Henry Kissinger, have

simultaneously seemed contemptu-

ous of practical measures to begin

more numerous strategic forces. In 1979, Mr. Kissinger's pro-

nounced skepticism about the SALT-

2 treaty, coupled with demands for

amendments and collateral coodi-

tions, was one of the factors that

bogged down the ratification process.

veyed a more general condemnation of

or 6,000 as proposed at Reykjavik?

YOU GET RID

OF YOURS

OFMINE

AND I'LL GETRID

Of late, Mr. Kissinger has con-

By William Safire

U.S. senators have been censured by the Senate. The last was Joseph McCarthy in 1954, although

the verb chosen in that case was "condemned This case is unlikely to go that far, but what infuriates some senators and disturbs many others is that the Durenberger leak justifies the presidential "findings" that secretly deny over-sight to the Senate. This is catnip to the tell-'em-

nothin' crowd in the White House. Until oow, Senate Intelligence has been relatively leakproof. Now here is a former chairman tossing off a state secret at a fund-raiser.

Wait: What if the Durenberger story is a figment of his imagination, a way of getting even with his old tormentor, William Casey? The U.S. and Israeli defense ministers have both flatly demicd that the CIA was caught trying to penetrate the Israeli government, and there is always the chance that those denials are true. If so, how can the senator's spreading of a false story for reassurance and/or vengeance purposes be a breach of security? If it ain't true, oo secret leaked.

Therein lies the Senate's bind. If the senator's charge of a CIA rule change about spying on allies is true, a vote to discipline him would confirm it and spill the secret; if it is not true, an ethics committee decision not to bring charges would allow intelligence committee members unfairly to clobber the executive branch with impunity.

Unbind yourselves, Senators. The only way out is full disclosure, letting the chips fall on the CIA or on Mr. Durenberger's re-election chances. This investigation requires an intelligence committee study, with administration cooperation, of policy on spying on allies: Is there no line between the vacuum-cleaner collection of information from the Big Ear and the payment of covert agents in friendly capitals? The golden rule of spookery do it to your allies before they do it in you -is not

necessarily the best national policy.

Thus has the Pollard case struck again, endangering the career of a United States senator who was only trying to "understand" the Israeli motivation. The point should not be lost on Jerusa-

lem: This wound is festering, not healing.

Colonel Aviem Sella, Mr. Pollard's Israeli handler, gave up Sunday the prestigious assignment be was awarded just before the Pollards were sentenced. In a couple of weeks, the nonjudicial Israeli commission that has promised total secrecy to witnesses will probably recommend the retirement from state-owned industry of the spymaster Rafael Eitan, with some stern finger-wagging at the collective leadership. That would be too little and too late, an attempt to appease Americans rather than cure the illness that infects the cover-up coalition.

Message to Israel from a friend who eats breakfast alone: Forget about coming clean as a favor to American Jews or to preserve U.S. aid. Your central purpose in making wrongdoers accountable is in preserve the soul of your democracy. Where are leaders with the courage and patriousm to say, "I knew about the operation, I tacitly authorized it, I meant well, I was mistaken, I resign"? Failing that, where is the new Isaiah?

The New York Times

Yes, Henry, Trimming Warhead Totals Can Help WASHINGTON — For some

By Edmund S. Muskie

Former Senator Muskie was secretary of state from May 1980 to January 1981.

That is the wrong question. It makes little sense to think of these destructive capabilities only in nar-row military terms. Even with 6,000 warheads each, the Soviet Union and the United States will retain physical redressing the trends toward ever power beyond imagining. The crucial question concerns likely political behavior in the presence of such forces: Will the two governments be able to muster mutual restraint in a highly threatening environment characterized by large increases in deployments, perhaps to 15,000 weapons each in the early 1990s? Or will they facilitate restraint by cooperating arms control. He has cast doubt on the to regulate a menace that they do not know bow to eliminate?

value of reducing the scale of nuclear deployments. What difference does it Mr. Kissinger's current stance is nowhere so perticious as in his astonmake, he asks, whether there are 11,000 strategic warheads on each side ishing revisionism toward the antiballistic missile treaty. He acknow-

ALL RIGHT

THEN

ledges, although he has not reviewed the documents, that the administration in which he served submitted the treaty to the Senate with a "narrow interpretation." But the former secretary of state asserts - mistakenly, as Senator Sam Nunn has now demonstrated anthoritatively — that the Soviets adopted the "broad interpretation" from the outset and that the United States should do the same.

Does this mean that he and his associates did not know what they were doing in 1972 or that they misled the Senate by setting forth an interpretation of the treaty other than the one agreed to with the Soviets? Neither, one suspects. Rather, Mr. Kissinger's personal position has changed as he has come to look fondly on the Strategic Defense Initiative, another of the technologies that periodically excite his fancy.

To support his claim that the Sovi-

ets favored the broad interpretation, Mr. Kissinger refers to a single remark by the late Andrei Grechko, then Soviet defense minister, who said that the treaty "imposes no limitations on the performance of research and experimental work."

That statement is scarcely different from the testimony by U.S. military officials who made clear the wide latitude for research and development at fixed sites on the ground. It is quite compatible with the fundamental interpretation presented by both governments at the time. As the acting foreign minister, Vasili Kuznetsov, said to the Soviet Presidium just before Marshal Greehko spoke, "The sides pledge themselves not to create or develop ABM systems or components emplaced in the sea, the air or

space, or of a mobile ground type."

Grasping at the Grechko statement to justify reinterpretation of the treaty is less troubling, however, than the cavalier attitude of treaty revisionists toward American constitutional practice. To condone the notion that a president can sell a treaty on an interpretation that he or his successor can subsequently alter would render meaningless the Sen-ate's power to offer advice and consent. That is not constitutional government; it is despotism.

There is a compelling argument that, for the United States, the only

lawful reading of the treaty is the one on which the Senate based its approval. If the executive branch wishes to reverse interpretations, the treaty itself provides for negotiated amend-

ments to be considered by the Senate. Mr. Kissinger's fluid posture on the treaty relates, of course, to his interest in the SDL While demanding that the Reagan administration devise a negotiating position that "reflects a longrange national strategy," he contends that such a strategy must include a prior commitment to proceed with SDI testing and deployment free of any qualitative restrictions.

After several years and billions of dollars, no one has begun to answer the most elementary questions of how America and the Soviet Union might make the transition to a new strategic relationship built on the SDL What is known, to paraphrase Secretary of De-fense Caspar Weinberger, is that if the Soviets were moving to install the kinds of SDI systems that Washington is seeking, the United States would be bound to expand its offensive capabil-ities dramatically. And I would add that if the Soviets were propounding the revisionist view of the ABM treaty to justify such actions, I would be leading the parade to announce U.S. withdrawal from the agreement.

What tragic irony if those who sold us MIRV as necessary to overwhelm nonexistent defenses now sold us the . SDI as necessary to meet the thousands of warheads bred by MIRV! Responsible policy must forswear

technological escapism. What President Reagan needs to understand is that the ABM treaty already affords ample scope for exploring technologies that might some day play a role, but that his singular opportunity is to improve his successors strategic options by beginning a process of agreed reductions in offensive forces. If he misses the opportunity to curb offenses, there is virtually no likelihood that defenses will be able to handle the continuing expansion and diversification of the threat.

I share Henry Kissinger's disappointment that all of us who have worked so long with the nuclear dilemma have not yet devised satisfactory remedies. But politics cannot indulge its frustrations by passing the buck to technology. If we are to escape strategic calamity, technology must be an instrument of diplomacy, not a substitute for it.

The Washington Post.

A Statesman Is Needed * For Greece

By Flora Lewis

T OS ANGELES — Prime Minister Andreas Papandreou of Greece bas been edging up to the brink for years. He has been stirring nationalist feeling against Turkey, an easy test. and against the United States, which is a little harder but popular on the left, to bolster his internal position.

His policies have caused serious damage in the always-fragile Greek economy. But be has relied on na-tionalism, de Gaulle-style posturing on the international scene, to appeal to the emotional Greeks.

He tried pouting and blocking needed decisions in the Common Market for a time, and it worked to the point of winning huge supports for Greek agriculture. But he cannot push further in that forum without risking the loss of the big payments.

Mr. Papandreou did not start Greece's troubles with NATO; they

came as a result of the Turkish inva-sion of Cyprus. But he has regularly exacerbated them, promoting the view that the real threat to Greece comes not from the Soviet bloc but from an alliance member. Turkey. He has flirt-ed with threats to shut down U.S. bases in Greece, which are truly important for security of the eastern Mediterranean, primarily to win more concessions from the United States in the balance of arms that it supplies to both Greece and Turkey.

Last week he threatened war with Turkey over the issue of a Turkish oilexploration ship preparing to sail to waters between Greek islands and the nearby Turkish coast. The crisis appears to have eased with Turkey's pledge to avoid the disputed waters. But Mr. Papandreou seems to think he can maintain control and manipulate the fevered public opinion he deliberately fans. It is a very dangerous game.

Dreams of Byzantine glory and territorial ambition brought disaster to Greece after World War I. Nothing has changed the fact that Turkey is a big country, now with a population of 50 million, facing a small country, Greece, which has 10 million. Furthermore, the well-equipped, welltrained Turkish Army is more than

three times bigger than Greece's. Mr. Papandreon knows all this. No doubt he does not want war. He just wants to use the fear of war between allies in the most sensitive part of the Mediterranean to force American pressure on Turkey and make himself a hero to his disillusioned people.

A statesment would have sought to resolve the long-festering Greek-Turkish quarrel, the only one active among European allies. An offer of negotiations and reconciliation would serve the interests of both countries as well as the alliance as a whole.

But this is not Mr. Papandreou's style. On the contrary, he has brought his people to question the value of the alliance if it fails to put Greek interests ahead of those of Turkey, guards the passage from the Black Sea to the Mediterranean for the Soviet Navy. It is illogical to create the impression that Greece would be safe facing Turkey alone, without allies, but it does stir the passions of the fiercely independent-minded Greeks.

As a part of his dramatic characte. Mr. Papandreou sent his foreign minister to Bulgaria. "It must be clear," Mr. Papandreou said, "that in the case of a military conflict there will be a drastic change both in the Balkan area and in the whole Western defense sys-tem, that is, in NATO." The implied threat was that in the event of a war, Greece would seek Bulgarian support, which in effect means Soviet support, and even perhaps switch alliances.

That would be a disaster for the West, and for Israel, but even more so for Greece. In his brinkmanship, Mr. Papandreon evidently did not consider the possibility that the United States might decide that the defense of an unwilling Greece was not worth the trouble and leave him to sort out the problems he has aggravated.

No doubt the prime minister is relying on the vocal, effective Greek lobby in the United States to save him from the consequences of his bravura. The Turks, who do not have a similar American ethnic constituency, are trying to create a rival lobby, appealing for help from the Israelis. who are masters of the art. Foolishly, in his desire to win Arab support against Turkey Mr. Papandreou has allowed once cordial Greek-Israeli relations to sour.

It is bad enough to have these countries using internal American politics as a sounding board for the feuds. It would be a catastrophe to let the tensions get out of hand. Responunidane explanation — that the United States is willing to accept the outcome that as a NATO ally it originally proposed — also has, in this instance, the benefit of being true. statesman to replace him.

The New York Times

Simple but True: We Agree to What We Asked For WASHINGTON — For six years, critics have often blamed slow By Kenneth L. Adelman

The writer is director of the U.S. Arms Control and Disarmament Agency.

progress in arms control negotiations on intransigent "hard-liners" within the Reagan administration. This position was not only wrong (since Soviet intransigence has always been the problem) but had a fatal flaw: What could the critics say when significant progress emerged from these talks? It took a writer of Charles Kraut-

hammer's exceptional originality to solve this conundrum. His solution (in "Look for a Treaty Before Summer's End," March 9) is elegant in its sim-plicity, if somewhat jolting in its logic. It says: If you can't blame the Reagan hard-liners for the absence of progress in arms talks, then by all means blame them for the presence of progress.

The recent Soviet moves on in-

termediate-range ouclear forces, in effect, come close to embracing the original U.S. offer on INF. Yet, as Mr. Krauthammer would have it, the administration's favorable response to these moves is being orchestrated by "hard-line unilateralists" who "are tired of having to play psychiatrist and bodyguard to allies who ought to be defending themselves." By contrast, those who are criticizing the administration for its recep-tivity to the shift in the Soviet posi-tion are true "Atlanticists," acting

This is a change of pace. Not so many years ago, the Reagan administration was pronounced by some critics to be on the verge of wrecking NATO because it firmly resisted Soviet pressure for an inequitable arms control agreement. The alliance resisted the pressure, survived and was strengthened by the experience. Now, according to many of the same peo-ple, the United States is about to destroy NATO by accepting the INF

with the interests of NATO at heart.

agreement it originally proposed. Mr. Krauthammer should recall that it was not "unilateralists" in the

United States but the "Atlanticists" in NATO who decided in 1979 that they would seek an arms control solu-

tion to the problem of the Soviet SS-20s. After the Soviets' unprovoked deployments of SS-20 missiles beginming in 1977, NATO arrived in 1979 at its famous "dual track" decision. This combined deployments of Per-shing-2 and cruise missiles with efforts to achieve an arms agreement that would make these deployments (then four years away) unnecessary.

Always implicit in the dual-track

decision was the notion that the United States could solve the SS-20 problem by the arms control track alone. That is, global elimination of Soviet long-range INF would mean no U.S. deployments — through an agreement that brought the long-range INF systems down to zero. President Ronald Reagan embodied this ap-proach in 1981 in his "zero option."

Not only have NATO ministers met year after year in endorse this goal, but NATO leaders have strongly backed the current U.S. position.



tary-general, Lord Carrington both of whom, like other European leaders, speak in favor of this stance - "Atlanticists" or "unilateralists"? Second, Mr. Krauthammer overlooks the vast majority of NATO

nuclear systems, which would remain maffected by an INF agreement.
U.S. ground-based tactical ouclear weapons and ouclear weapons on both aircraft and submarines — as well as the 300,000 U.S. troops stationed in Europe - ensure the protection of Western Europe.

Proponents and opponents alike have been blowing the strategic and political significance of an INF agreement way out of proportion. An INF agreement is not going to solve whole-sale the problem of East-West relations, nor, given America's broad nuclear and non-nuclear commitment to NATO's defense, is it going to "decou-ple" America from Western Europe.

What a good agreement will do is solve the problem that NATO set out to solve in 1979, the problem of the SS-20 missiles targeted on NATO. The goal is to restore the status quo ante 1976 as regards INF systems and to improve on it, since the 600 SS-4s and SS-5s then targeted on Western Europe will be gone as well.
This is not to say that the remedy

will be easily achieved. The two bottom-line issues for the United States, effective verification and equality in shorter-range INF, must be satis-

question is no longer whether the Reagan administration is serious about arms control. That has been established. The question is whether the Soviet Union is going to be serious about glasnost when it comes to arms control and agree to the verification measures necessary to make an INF agreement meaningful. As for Mr. Krauthammer's thought

that an INF agreement is a plot by "hard-line unilateralists" to "save SDI," there is much less there than meets his eye. As Ralph Waldo Emer-son once said, "In analyzing history, do not be too profound." The more

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: U.S. Primaries

NEW YORK — Theodore Roose- DELHI — Indian minority party NEW YORK — Theodore Roosevelt's defeat in the New York primaries and in Indiana, Colorado and Mississippi made this a sad week for his campaign managers, who are now seeking to induce him to withdraw in the recent national elections, only to refuse to assume the teachers are now attempting to form which Mahatma Gandhi's Consideration of the recent national elections, only to refuse to assume the teachers are now attempting to form factorily resolved. Both are important to U.S. friends and allies in Europe and Asia, as is relief from the triple-headed, mobile SS-20s.

So we are a long way from finished.

But the subject has changed. The

Speaker Champ Clark; 15 for Government five British and Indian officers and in a bartle against Waziristan tribes on the Northwestern Frontier for the British force from ambush.

1937: Gandhi Warns

Mississippi made this a sad week for his campaign managers, who are now seeking to induce him to withdraw from the fight. Mr. Roosevelt's to refuse to assume the responsibility of governing on the grounds that the West, he aimed vicious blows at President W.H. Taft and made statements that are interpreted as meaning that the will rum independently in which Mahatma Gandhi's Contractions, only to refuse to assume the responsibility of governing on the grounds that the provincial governors declined to Discussing this situation at Madras (on March 30), Mahatma Gandhi's Contractions, only of governing on the grounds that the recent national elections, only of governing on the grounds that the recent national elections, only of governing on the grounds that the provincial governors are desired. ments that are interpreted as meaning ing that he will run independently stated: "The provincial governors are ing that he will run independently if the Chicago Convention fails to now flouting the majority and thus nominate him. There is little change ending the antonomy given them in the Democratic situation. The Henceforth the sword, and not the count stands at 67 delegates for pen, will rule in India. Meanwhile, Speaker Champ Clark; 15 for Gover-five British and Indian of Meanwhile, 19 men were killed and 47 meanwhile.

Look Here, She Could Say, Don't Call Me First Madam

By A.M. Rosenthal

start, perhaps on Inauguration Day, the next first lady of the United States should ask government officials, press, television, diplomats and the whole country never to call her that It is high time. The whole first lady business is a piece of creaky condescension. No other country is so disrespectful of the worth of a woman as to give her such fawning attention and mock-

ON MY MIND

royal status because she married a man who was later elected to high office. Denis Thatcher would never permit such indignity and neither, if that day arrives, would Evron Kirkpatrick. Simply raising the possibility of a first gen-ileman shows what an insult to women

the phrase and concept of first lady is. The phrase did not become widely used until 1911, when a play about Dolly Madison called "The First Lady of the Land" opened. With time, the simpering emphasis on reflected glory, has become more and more embarrassing.

Most women in America now have professions, trades or crafts. That includes the higher-income, higher-educa-tion group from which the wives of presidents generally come. Those who do should go on working as best they can. It will be difficult because of security problems and potential conflicts of in-terest. But making the plea for dropping the first lady label will be the first step. The second will be for the wife of the

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president to show that she wants her individuality by staying away from all functions except where her absence would be damaging or rude. This would show that she will do her social duty but really does not want to play the publicity game. Eventually, an egalitarian public

That's Sexist Drivel

W HO does Nancy Reagan think she is? According to detractors, she is a power-hungry meddler whose apparently decisive role in ousting chief of staff Donald Regan made the president look like a wimp. That's sexist drivel. Whatever her reasons for wanting Don Regan out, her instincts were proved

right by the Tower commission report. Nancy Reagan is an anti-drug crusader, a savvy political operator and her husband's closest confidente. The issue [may be] whether her enlarged role is a reflection of something more than her husband's forgetfulness and passivity. But if the issue ever does become one of presidential disability, the Constitution provides a mechanism for dealing with the problem.

It is clear that Nancy Reagan not only has opinions but has the steel to make them felt. Just ask Don Regan. The Milwaidiee Journal

WASHINGTON - Right at the will admire her for it and make that clear to television and newspapers.

If Senator Robert Dole is smart enough to be elected, he will be smart enough to make sure that Elizabeth Dole, who was good enough to be a cabinet member under his predecessor,

is allowed to find a responsible job. Wifepotism? Only if you feel that evcry woman has to give up her career because her husband has power. Obviously, if it is a government job it should be one of public accountability.

Elise du Pont, the wife of the former Delaware governor, is a real estate developer. If she avoids publicly funded developments, why not? Anyway, she is a lawyer, like Hattie Babbitt, the wife of the former Arizona governor, and it would be easy to get long lists of organi-zations that are dying for lawyers who will not give them bills that look like telephone numbers. If security gets in the

way, plenty of work can be done at bome. Ernestine Schlant, who is married to Senator Bill Bradley, could go right on teaching German and comparative literature at Montclair State College in New Jersey, unless she would like a job closer to home. There are fine colleges in Washington. If the security problem is too great, there is nothing wrong with holding classes in the White House. Women who decided when they were

young that raising a family was more important to them than being a lawyer deserve the respect of individuality too, not the false kowtowing to a false title. Many would have interests in the homeless, or child care, or refugees, where there is a whole world of volunteerism awaiting. And the wife of the president could show that being a volunteer means more than making an occasional speech or posing for photographs. Like many volunteers, she would work hard, with the regularity that distinguishes the volnteer from the dilettante.

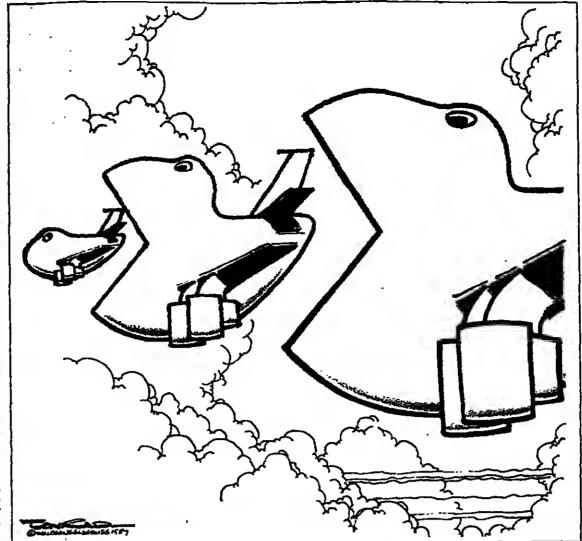
Of course, the wife of the president will tell him what she thinks of the secretary of state and farm subsidies. When they go up to their living quarters at night, is she supposed to talk about dresses and hairdressers? Any man who married a woman that

vapid should not be president.

But that is a phony issue that has come up with the fuss about Nancy Reagan. Her critics do not complain about what she tells him in private but about what they see as her campaigning for her point of view. Perhaps Mrs. Reagan, able in her own right, would have been better off if she had devoted even more time to her interest in fighting nercotics.

So, on a volunteer basis, here is the announcement that the wife of the next president should make: "Friends, call me Mrs. or call me Ms. Call me doctor or call me counselor. Call me gentle or call me tough. But don't pat my head and don't call me first lady."

The New York Times.



Air Today, Gone Tomorrow, But It's Always Roy Cooper

By Ben Kamin

the New York Air counter. This was be asked if this was your first time by an hardly unusual, since my plane ticket interested, or at least animated, flight was tucked inside a bright-red folder attendant. Now even the attendants marked "New York Air." But f was in a seem uncertain about the identity of tentative mood, so I asked, "Is this New York Air?" The ticket agent eyed me with suspicion. What planet did I live

MEANWHILE

on? Sofemnly be answered, "Sir, there is no such thing as New York Air." My caution had not been misplaced. I had heard something about mergers

and takeovers. But the gravity with which the agent had vaporized New York Air concerned me. "Is there," I asked, "a New York City?" He allowed there was. In time, I boarded a Continental Airlines flight while holding a New York Air ticket from which protruded a boarding pass marked People Express. Inside the generic jet, I was handed a red bag marked "Flying Nosh," with New York Air napkins and salt packets from Texas

Air. The cheeseball was Swiss. Curious to

know who it was I was flying with,

I awaited the captain's announcements. "Good afternoon, ladies and gentlemen. This is your captain, Roy Cooper." (For as long as 1 can remember, the pilot on domestic flights is always Roy Cooper.) "We want to welcome you aboard our Big Apple Flight 397 to New York." It is the late 1980s in the United States, which produced the Wright brothers, Amelia Earhart and Mileage

CLEVELAND — Not long ago. Plus. You used to get dressed up, board I presented myself to an agent at a plane with delightful nervousness and their employers. Seasoned travelers know not to ask a living soul which plane is going to turn up in what landing space. They consult the monitor.

Not long ago, for example, I was waiting for a colleague at the airport. TWA Flight 612 was about to land. I began to watch for a TWA jet among the landings.
American, United, two private Cessnas. Ozark, Midway. USAir. An announce-ment came: "Ladies and gentlemen, Flight 612 has landed and will appear at the gate momentarily." But I had not seen

a TWA airliner make an approach. "Excuse me." I said to an agent at the ticket counter, "Is there anywhere else the planes land?"

"No, sir," he replied cheerfully, "You can see it all from these windows." "So where is Flight 612?"
He did not look up: "612 is already

here, sir. Passengers are disembarking." Baffled, I returned to the window. There at the gate was TWA Flight 612. The plane was green, and marked "Ozark." Silly me, expecting aviation verisimilitude. Why, TWA and Ozark had mated, and I never even knew! There had not even been a monitor overhead to give me the news.

At this writing of course, every-thing may be changing again. The New York Times.

LETTERS TO THE EDITOR

non-American: What about the world?

What I know about Governor Mario

Cuomo of New York shows him to be

not only a brilliant politician and ad-

ministrator but also a compassionate man, capable of morality without dog-

matism. He has the stuff to make a great

president - precisely what America,

World would have bad a fair deal.

On America's Death Rows

With President Cuomo, the Third

JULIO AMORIN.

Maroua, Cameroon,

and the world, needs.

The Pace Is Picking Up

Your editorial "Europe of the Snails" March 24), published the day before the European Community's 30th anniversary, is ton pessimistic. The advent of the Single Act to achieve an integrated European economy by 1992, and of qualified majority voting by the EC Council of Ministers on all matters concerning our 320-million-member community, is imminent. This must surely provide the turbulence necessary to increase the snail's pace you criticize.

WILLIAM G. POETON, Vice-President, EC Economic and Social Committee.

Just One Spy Per General?

Rafael Eitm, the alleged spymaster in the Pollard case, is more accurately Lieutenant General Rafael Eitan, retired, the former Israeli Army chief of staff.

His removal from that post and his retirement to civilian life came in 1983 after the Kahan Commission Report found him, along with others, indirectly

responsible for the massacre at the Sabra and Chatila refugee camps in 1982.

Identifying him more fully provides a better perspective on the Pollard affair. Would a retired general, a former chief of stall, run a "rogue operation" from within the Israeli Defense Ministry without the knowledge or encouragement of the very top of the Israeli government? And would such a man operate a unit which had only one spy?

J.E. MARSH Limassol, Cyprus.

Not Missing in Action

Time after time, in articles referring to the Some Americans may feel perplexed bostages in the Middle East, I read that that Amnesty International, as you reso-and-so was "captured." As I see this heinous crime, it is "abducted" or "kidnapped." The victims are not soldiers. JACK NUSBAUM. Torremolinos, Spain. What About the World?

After reading A.M. Rosenthal's "One

ported on Feb. 20, is drawing attention to the 1,836 inmates on U.S. death rows at the end of 1986. Why, when so many atrocities are committed in other countries on so large a scale? Perhaps it is because the United States is where the individual is best protected against the state by legal guarantees and vociferous pressure groups, and where freedom of speech ensures that sooner or later so much comes to light.

If there is any country in which the death penalty can be applied fairly, one would expect it to be there, yet it seems to have been amply demonstrated that this is not the case. This total and irreversible punishment strikes only 2 to 3 percent of convicted murderers, and those unlucky few are overwhelmingly among the poor and the minorities.

The years of waiting on death row amount to torture, although the wait results from a laudable desire to make no mistakes. Even so, bundreds of people have been wrongly condemned to death in the United States since 1900.

VENDLA MEYER. Bures-sur-Yvette, France,

Vapors on the Vaporetto

I agree with William S. Crain (Letters, 17) about bow irritating eigarette smoke is to nonsmokers. The other day on the vaporetto a man left a lit cigar on the railing next to me. As soon as he went inside the cabin I chucked it into the lagoon: instant sweet revenge.

ANDREA SIPPEL

Literacy Isn't So Simple

The editorial "For Rebirth at UNES-CO" (March 18) sees a very rudimentary role for UNESCO. Literacy campaigns have long been an obvious development activity of the organization. One lesson has been the need for a sector-wide approach within a broad strategy of institutional development related to a country's assistance requirements.

Sustained literacy requires increased motivation of people for its practical use. News material, textbooks and personal and professional information in printed form are needed for the creation of a reading environment, with a print-ing and publishing sector.

G. NAESSELUND.

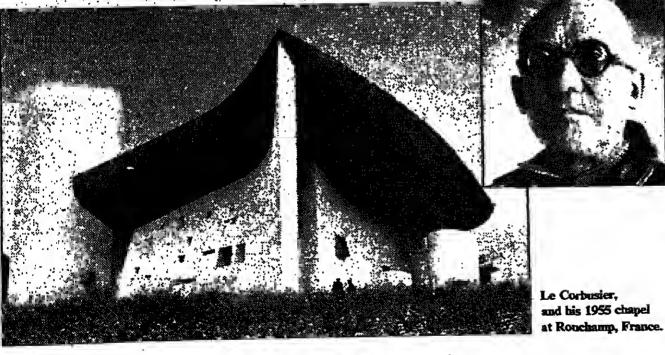
Montrejeau, France.

Starting the Day With Dan

Thanks are due to France's Canal Plus for bringing us the daily rebroad-cast of Dan Rather's "CBS Evening News." It's a great way to start the day. THEODORE R. FRONTENAC.

ARTS/LEISURE

Question for Cuomo: What About the Country? (Feb. 27), I would add as a



Le Corbusier the Masterbuilder

By Paul Goldberger New York Times Service

exceeded that in France, where he lived for most of his adult life. Far more than any English architect, Le Corbusier shaped postwar English this contennial year of his birth it is here that the most impressive celebration is being mounted.

The homage comes in the form of an immense exhibition that opened this month, called "Le Cor-It consists of a vast array of original of this? "A careful reading of Le busier: Architect of the Century. drawings and sketches, vintage and recent photographs, plans and models, sprawled over several cations of some of his ideas and the floors of the Hayward Gallery. The Hayward, a brutalist concrete museum on the south bank of the Thames, is itself a demonstration can hardly hold Le Corbusier reof the great sway Le Corbusier's sponsible for every wretched tower ideas held over the English.

The exhibition, which was organized by the Arts Council of Great off the hook so easily, either. For Britain in cooperation with the his urban plans revealed a deep Fondation Le Corbusier in Paris, ranges over the architect's entire career, from its beginnings in Switzerland around 1907, to works still under construction at the time of

Le Corbusier was one of the the tone for, and gave justification his death in 1965. greatest architects of all time, and also one of the most problematic by lesser talents.

thinkers. to the architect's strengths, but it becomes not a little defensive when becomes not a little defensive when with his urban theories. For here becomes not a little defensive when the subject turns to Le Corbusier's with his urban theories. For here the subject turns to Le Corbusier's

L DNDON — Le Corbusier never the late 1920s and early 1930s for the replacement of vast sections of Paris with a new city of tall slabs set amid open space and wide motorvisioned it, of course - but in corrupted form it came to be the theme project in every American downtown, as the messy and complex

What does the exhibition make

Corbusier's urban projects should have revealed the disastrous implinounces the wall text. It was our fault then, not Le Corbusier's? We that replaced a worthy old neighborhood. But he can hardly be let heterogeneous city, a determination to replace what he called "the present brutality, squalor, stupidity" with something pure, ordered and rational. And his thinking set

turns toward the sections of the gan as a symmetrical composition mied by an exceptionally handsome to the architect's strengths, but it

Achilles' heel, his theories about both the architect and the exhibi- a bit tiresome — Le Corbusier was elsewhere.

> This section opens, however, with a surprise, a little-known house that Le Corbusier designed in 1907 in Switzerland. It was provincial in tone, with a vague air of the Arts and Crafts movement to it, and it is almost sweet. It is only with the next house, the Villa Schwob of 1917, that the great power we associate with Le Corbusier began to assert itself.

We see that all the more in the initial concepts to completed verprojects - some remarkable early them honor. drawings of the Villa Stein show us that this bouse, with its celebrated

the city and the designs he made in tion are on more onmfortable a good painter, but the only effect the late 1920s and early 1930s for ground, presenting material that of seeing canvas after canvas is to thing is really part of the same the replacement of vast sections of seems, as this century draws toward its close, only to grow in stat- the section called "The Sacred and ure. The first section, entitled "Six the Search for Myths" makes up for Houses," includes several houses it. Here are the chapel at Ron- heinz Stockhausen and John Cage that are unquestionably among the champ, France, of 1955, and the in the early 1960s in his native great works of the century: the Vil-monastery of Latourette, France, la Stein and the Villa Savoic, the of 1959, two of the most moving the Mozarteum in Salzburg and monuments of Le Corbusier's purand powerful religious structures of was then appointed conductor at ist, white architecture period from our time. Here, on Ronchamp, that the theater in Aachen in 1965. He the late 1920s, and the Maisons highly expressionistic, romantic gave piano recitals. The following fabric of the traditional city gave Jacul, the twin houses from the form that seemed in so many ways year, in New York, competing in way to a new landscape of towers, open space and freeways.

What does the exhibition make that inspired a generation of "bruwork, the anonymous wall text sudtalist" buildings in England and dealy becomes wise: "Purists complain about the ambiguity of the structural expression. Puritans object to its sensuality. Ronchamp simply overrides these criticisms with its effortless grace."

> There could be no better final word, not only for this building but for all of Le Corbusier's career. His architecture was a profound exploration of form and space and light, as deep and mystical, in its way, as any religious quest. His utopian polemics about modern architecture drawings, which often show the mean less and less as time goes on, evolution of familiar projects from and we are left just with his buildings. They were masterworks of sions. The exhibition is rich in such this century, and at his centennial, documentation, not only of smaller the Hayward Gallery has done

The exhibition will remain on It is with relief, then, that one assymmetrial facade, actually be-view through June 6. It is accompa-

The Can Man's **Synthesis**

By Mike Zwerin

International Herald Tribum PARIS — Irmin Schmidt, a founding father of the group Can and the synthesizer-oriented "Kraut Rock" school which emerged with it, says he's fed up with synthetics: "I'm quite happy to be playing my Steinway again. I've always been a late 19th century

man at beart." His new album "Musk At Dusk" journeys from tango to reggae, to Ziggy Stardust, a touch of salsa, of Mahler, a Viennese waltz, through serial patches by way of Dixieland and cool jazz, the Broadway song form, Erik Satie, a gypsy violin solo and a gamelan orchestra. This, he insists, has nothing to do with eclecticism: "It's just an enlarged view of

culture. We now have at our disposal the entire musical spectrum. The folk music of Bali is only one gerine Dream and Kraftwerk were element of planetary sound. Every-

He took avant-garde music workshops with Earle Brown, Karl-Cologne. He studied conducting at the Dimitri Mitropoulos competition for young conductors, he heard La Monte Young, the Velvet Underground, the Mothers of Intotally messed up."

"I forgot about the competition," says Schmidt. "I hung out with the Warhol crowd in the Chel-

hearsals. I spent nights in Terry Riley's loft on the Bowery, we played his stuff together. I left New York thinking I must find some-

thing different to do."

Schmidt was still described as a Kapellmeister in the Cologne phone book when he formed Can in 1968 and discovered the joys and hazards of "instant composing." This was not improvisation, which has jazz connotations, implying a tune or a structure. Can was "totally unplanned; we'd come out on stage without an arrangement, style or even a tonality in mind. Sometimes we'd start in three different keys. Whoever had the strongest idea took the lead. Everybody tried to guess what the next guy was going to play. It was like a school for telepathy. Endings could be disas-

The German rock groups Tanstill playing guitars, electric or made synthesizer that combined a acoustic pianos, flutes and violins cheap Farfisa organ keyboard and the synthesizer as a performing an electronic box with oscillators,

"At the time there was only the very first model Moog on the market. Schmidt recalls. "You had to sible, but you needed a pre-amplifi-patch it to change textures and to er and it was easily overloaded. The wear earphones to hear what the bell the thing was doing. I used to watch the synthesist on stage wildly plugging wires into holes while the rest of the band waited for him to find 'the sound.' Then he'd smile. He'd found it - 'gloob gloob glub.' The group would be quite happy to see him put his earphones back on vention and Jimi Hendrix and got and look for the next sound so they could go on playing music. That was not what I was after."

With the help of an engineer, Schmidt developed "this 'legendsea Hotel instead of going to rearry' Alpha 77, a sort of custom-



Irmin Schmidt: Back at his Steinway.

modulators and so on. You could change the sound with a switch, It made synthesizer improvising posorgan sound had to be pushed to begin with and was already over-loaded. The distortion was wonderful. My sound got to be quite influential. A lot of keyboardists tried to imitate me but they didn't know

that the real secret was overload," Although they had their share of legend of Can grew from live per-Johnny Lydon often mentioned it. French, whatever that means."

even David Bowie has acknowl-

After 10 years, the members of Can decided to go their own ways Schmidt thought it was time to leave Germany. He moved to Roussillon, the subject of Laurence Wylie's book "Village in the Vaucluse," in Provence. He still lives there. He has traveled to Switzerland and West Germany to layer electronic scores for films and television scries and released solo hightech electronic albums.

"When you're sitting at a grand piano, looking out at beautiful hit singles and gold albums, the landscape," says Schmidt, "it's bound to have an influence. Living formance - from real-time tension in a big ugly town like Cologne can and public risk-taking. Many New
Wave people paid tribute to Can's more relaxed than other things I've influence. Joy Division said it, done. Some people say it sounds

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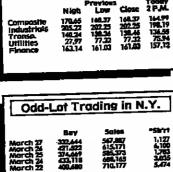




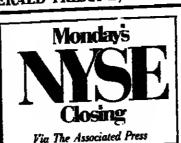


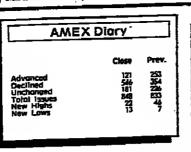


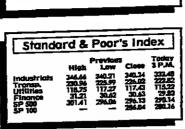
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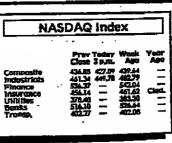


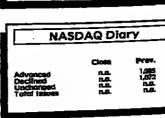
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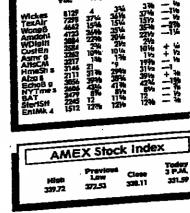
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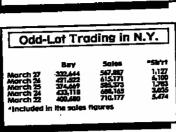
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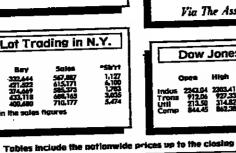
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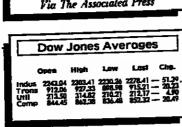
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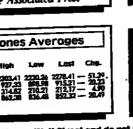
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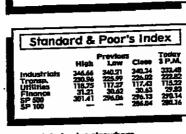
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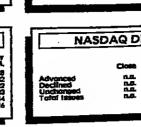












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MARKET: Dow Off 57.39 After Panic Selling (Continued from Page 1)

lengthy correction. Instead, many observers breathed a sigh of relief at the downturn. Stock prices have been setting a record pace since the start of the year, periodically leaving ists at a loss to explain a resilient rally in ace of poor fundamentals. Many analysts uspected a correction was in the offing, igh the timing was never certain.

chael Sherman, portfolio strategist for son Lehman Brothers, said that investors been looking for an acceptable reason to profits for weeks and that many of his tional clients were accumulating cash in pation of a correction.

he market latched on to the trade war," he There is almost a spasmodic sense of Marshall Acuff, portfolio strategist at 1 Barney Harris Upham & Co., agreed, been much expected and much anticipathe said. There is little likelihood that the ne will be sustained unless the dollar's ange rate dropped significantly in the days

the close of the NYSE, declines steamroll-advances 1,521-222. The average share was 8 cents.

Volume was 207 million shares, compared with 184.4 million Friday. Conrail was the most active NYSE-listed Laboratories class B. All were lower.

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issue at 3 P.M., off slightly in its third day of

IBM followed, ahead after recovering from earlier losses. AT&T was third, off.
Harper & Row jumped 8½ to 64½ after Rupert Murdoch's News Corp. announced an ment to buy the publisher for \$65 a share,

American Express, trading ex dividend, was off in beavy trading. American Express filed with the Securities and Exchange Commission to conduct a public offering of up to 20 million shares in its Shearson Lehman Brothers broker-

age subsidiary.

Other blue chips were mostly lower. General Electric, General Motors, Coca-Cola and Philip

Morris all were losing. USX was up.
Other technology and semiconductor issues were mostly falling. Digital Equipment, Cray Research, Motorola, National Semiconductor and Unisys were lower. Texas Instruments was the exception, up. Most oil issues were lower. Occidental Petro-

leum, Texaco, Exxon, Mobil and Chevron were falling. Phillips Petroleum was unchanged, after recovering from an earlier loss. Drug stocks were lower. Squibb, Schering-Plough, Upjohn, Eli Lilly, Baxter Travenol and

Johnson & Johnson were off. On the American Stock Exchange, Texas Air led the actives, followed by Wickes and Wang

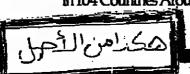
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West Germany: Reluctant Giant

IN THE NEWS

Jan. 1: Birthday Boycott

The 750th anniversary of Berlin begins amid Allied concern over the year's sched-uled celebrations. The United States, Britain and France boycott East Germany's ceremony and express concern about a possible visit by West Berlin's mayor to East Berlin on Oct. 23.

Jan. 20: Beirut Kidnapping Linked to Terror Suspect

The government announces that the kid-napping of two West Germans in Beirut is linked to the case of a suspected Lebanese terrorist arrested at the Frankfurt airport on terrorist arrested at the Frankfurt airport on Jan. 13. Reports say that the pro-Iranian Shite group Hezbollah had demanded the release of Mohammed Ali Hamadei, sought by the United States for alleged participation in the hijacking in 1985 of a Trans World Airlines jet and the murder of an American

Jan. 25: Kohl Wins Again

Chancellor Helmnt Kohl's center-right coalition wins a parliamentary majority, re-newing its mandate for four years. But Mr. Kohl's Christian Democrats and their Bavarian sister party, the Christian Social Union, made their weakest showing since

Feb. 22: Bonn Responds To Group of Seven

At the Group of Seven meeting in Paris, Bonn promises to increase a planned \$5.5 bil-lion tax cut, scheduled for Jan. 1, 1988, in order to stimulate demand by West German consumers and businesses for imports.

March 18: Kohl Makes **Opening to Soviets**

In a speech to Parliament outlining the program of his center-right coalition for the next four years, Chancellor Helmut Kohl calls for closer ties with the Soviet Union. The West German diplomatic opening to-ward the Soviet Union includes seeking increased economic ties and more inter-changes with East Germany.

March 23: Brandt Resigns



Willy Brandt, former West German chancellor, resigns as charcman of the opposition Social Democratic Party, following dissen over his decision to appoint a 30-year-old Greek woman as the party's

March 24: Bonn Bombing

A bomb explodes outside a British officers' club in Bonn injuring 31 persons. The explosion came a few hours after Prime Minister Margaret Thatcher had concluded talks with Mr. Kohl.

IN THIS REPORT

French Connection 8

Union is no longer an exaggerated term to describe the relationship between France and West Germany, but the French are more aware of this than are the West Germans.

Debating the Past

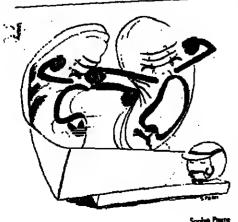
After a history of traumatic experiences, West Germans turn to their historians to provide a scuse of where they come from — and where they are going.

Merger Mania

The temptation to build corporate empires seems to be stirring again after a long postwar

Washington View 12

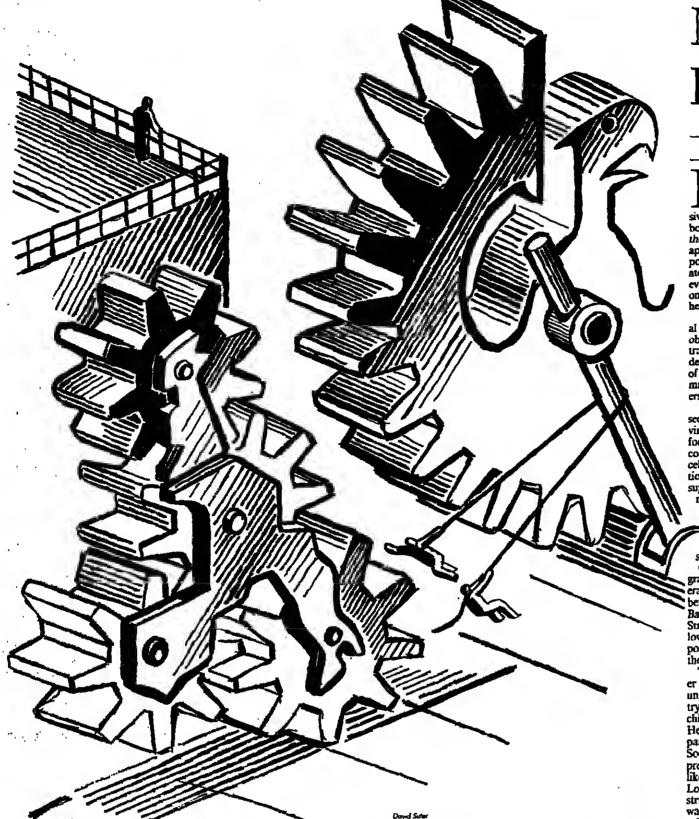
Washington's relationship with Bonn will not be totally trouble-free, but differences are susceptible to compromise.



A Sporting War While Adidas and Puma battle for position, West Germany's sports shoe industry faces

formidable challenges abroad.

Leadership at Issue



New Pressures Blur **Image of Solidity**

By Henry Tanner

ONN - The citizens in the streets, restaurants and stores of West German cities exude an air of affluence - good clothes, rich food, expensive cars — unmatched by any of their neigh-bors except perhaps the Swiss. Helmut Kohl, the chancellor, big and smiling in his public appearances, is the picture of implacable political solidity. The concert halls and the aters of Frankfurt and Berlin are sold out every night and art exhibits crowded. The only performers that have trouble getting

heard are the politicians.

The questions and issues facing the Federal Republic in the spring of 1987 are neither obvious nor easily defined. There is no central theme that would inspire a great national debate. And if there are any demonstrations of public emotion, they are likely to be local marches of protesting farmers or metalwork-

For a government that has just won its second successive national election - and is virtually assured of winning the next one, four years bence - Mr. Kohl's center-right coalition is baving a difficult time. The eban-cellor's capacity for leadership is being questioned by newspapers that are his staunch supporters, such as the Frankfurter Allgemeine Zeitung. He is described by fellow politicians as a master tactician con-

cerned with consolidating his power in his party and asssuring the management of government affairs but lacking the vision of a statesman.

Critics say that the new government proam, which was pieced together during several weeks of often fractious negotiations between his Christian Democratic Union, its Bavarian sister party led by Franz Josef Strauss and the Free Democrats, reflects the lowest common denominator and cannot possibly be a platform for effective action in the field of social and economic policy.

There is a perception that the central power in Bonn is being eroded. "A whiff of ungovernability is wafting across the country," wrote Dieter Schröder, the editor in chief of the respected Süddeutsche Zeitung. He cited the decline of the two dominant parties, the Christian Democrats and the Social Democrats, and the way economic pressure groups and powerful state leaders, like Mr. Strauss and, in Baden-Württemberg, Lothar Späth, are exploiting the federalist structure of the country to have things their

way.

The three-party system, one of the main pillars of political stability since the war, may

have come in an end with the January elec-tions. It is making room for a four-party system that may eventually become a multi-

The Greens, until recently a loose alliance of militants of many kinds operating on the fringes of the political scene, are now the established fourth party. Clearly, they are here to stay. They won just over 8 percent of the vote in January and may do better next

This means the end of the cozy arrangement under whieb the Christian Democrats and the Social Democrats, each usually commanding 40 percent or more of the electorate. could be trusted to take turns in office as their election scores shifted within narrow margins and the Free Democrats, the much smaller third party, threw their weight alternatively to one or the other. In January, the Christian Democrats and the Social Demo-

crats both had their worst results in decades. The Social Democrats are going through one of their deepest crises ever. They are unlikely to recover for several years. A party official conceded that their objective now is not to win the next election, but the one after that, probably in 1994. "They are in danger of becoming a 30-percent party," said an

Their crisis has many reasons beyond the rise of the Greens. They have not been able to resolve a bitter internal conflict over the basic course that a leftist working-class party should steer in the "middle" of Europe, in the muclear age and at a time of rapid change in a modern industrial society. The abrupt exit of Willy Brandt, the last of the old generation of headstrong historical figures, has been a crowning blow. His successor as party president, Hans-Jochen Vogel, is a caretaker. The

succession struggle remains unresolved.

The national leadership of the established parties is being challenged also in the prov-inces. Five of the republic's 10 Länder will elect new state governments during the next five months. In each of them the same party has been in power since the war, the Social Democrats in three, the Christian Democrats in the others, Now, a changing of the guard is possible in three of the five. The Social Democrats are in difficulty in Hesse and Ham-burg and the Christian Democrats in Schleswig-Holstein, and journalists specializing in regional politics say these races are too close to be called now.

In question is the general rule that power in the federal states remains in the same

Continued on page 8

EC's Complaint: High-Tech Bonn Won't Share

By Peter Maass

RUSSELS — Heinz Reisenhuber, the West German minister for research and technology, recently tried to ease concerns in the European Community over Bonn's unsteady support for EC research programs. At a meeting of community ministers, Mr. Reisenhuber reportedly assured his colleagues that West Germany was willing to share its technological know-how with other EC nations. However, the assurances backfired. Instead of restoring confidence in

Bonn's communautaire spirit, the speech was apparently interpreted as being patronizing and condescending toward the community's smaller and poorer members, who are not as technologically advanced.

"It was the most arrogant thing I've ever heard come from a German," commented one EC official who attended the closed-door meeting.

When it comes to cooperative research, West Germany is unable to please anyone these days. The EC's strongest member, in economic terms, is under attack for being a reluctant and sometimes arrogant partner in research programs billed as the linchpin of sharpening the community's standing in orld markets.

Unlike many EC quarrels, this controversy touches on a fundamental aspect of the community: the readiness of a member state to share its resources with others, so that all can benefit. Without this cooperative spirit, the theory goes, the community will fall far short of its lofty aims.

A certain duality exists in gauging the participation of West Germany in EC research programs. On the one hand, West German companies and universities are said to be anxious to join in some EC programs. But on the other band, the Bonn government does little to encourage this cooperative attitude — and may even discourage it.

As a sign of how bad things have become, EC Commission President Jacques Delors recently voiced deep concern over an apparent lack of

Karl-Heinz Narjes has also written several letters to authorities in Bonn, pleading for more backing of joint research, sources say. "He felt that German organizations are not participating to the extent that they could, particularly in Esprit," one commission official said. "There is a problem." Esprit is the largest EC research program, focusing on

German support for industrial cooperation. EC Industry Commissioner

information technology. From the West German point of view, though, the problem is that EC research programs, which cost about 1 billion European Currency Units (\$877 million) a year, may pay for research already being subsidized by national authorities. Also, German officials say that some EC programs simply pay for research that companies were doing anyway

And on an ideological level, Bonn appears hostile to letting the EC

influence the agenda for industrial research. "Industry has to decide for itself what research needs to be done," said a West German diplomat in Brussels. "Governments should only play a supplementary role." Of course, West Germany is not the only EC member with doubts about the value of community research programs. Britain and France, along with West Germany, have fought the EC Commission's call for 7.7 billion ECUs

to be spent on joint research in the next five years. Nonetheless, the attention in the community has focused on Wesl Germany, mainly because Bonn has so much to offer but is alarmingly reluctant to put its weight behind cooperative research. In addition, Bonn's underlying stance goes against the EC ethic of pooling resources, an ethic that German

authorities say they support. We are seeing a return to nationalistic viewpoints in research, and the

Continued on page 10





The road chosen by Chancellor Helmut Kohl's coalition will have an effect throughout Western Europe.

Economy Is Caught in Social Net

By Ferdinand Protzman

RANKFURT - The West German economy is at a crossroads. The path of moderate growth based on tightly checked inflation, which the government has followed since 1982, has reached a point where efforts to promote further expansion begin to conflict with the political realities of a welfare state.

With economic growth currently faltering, steps to revive the economy must be measured against their impact on the nation's vast social net. The road chosen by Chancellor Helmut Kohl's recently reelected, center-right coalition government will have an effect throughout Western Europe, where West Germany's economy is the strongest.

West Germany's gross national product, the broadest measure of economic performance, registered no growth in the final quarter of 1986, according to provisional figures released recently by the Federal Statistics Office, Rising domestic demand compensated for lower exports, but was insufficient to spark growth. For the year, GNP grew by 24 percent, compared with 2.5 percent in 1985.

The scenario has not brightened much thus far in 1987. The Economics Ministry says first quarter GNP may be relatively weak, while private economists are predicting stagnation or possibly contrac-tion. The government's forecast of 2.5 percent GNP and many experts have cut their predictions to he-mand fueled by a rapid expansion of the money

tween 1 percent and 2 percent growth, from original estimates of 3 percent. Few experts dispute the need for economic stimu-

lation, although they are divided on how to achieve it. The government is betting on strong domestic de-mand to counter a falloff in exports caused by the dollar's steep drop against the Deutsche mark. Some private economists say more significant structural changes, such as genuine tax reform or changes in the social welfare system, may be necessary.

Any moves in the direction of limiting the government's role in funding the social net will face stiff opposition from special interests, such as agricultural and industrial groups, many of which rely on federal subsidies. Attempts to after pension funding or other social systems risk alienating broad sections of society, and could have severe political consequences.

Agriculture Minister Ignaz Kiechle summarized the situation in a recent interview, when he said, "Simply reducing agricultural subsidies does not take into account the need for social understanding."

For the government, taking the needs of various groups into account, while promoting growth, is likely to be very difficult, given current economic conditions.

Even experts forecasting better-than-expected growth for 1987, are hardly optimistic.

'I think we'll see 3 percent GNP growth in 1987, for all the wrong reasons," said Klaus-Werner Schatz of the Institute for Global Economy in Kiel, one of the nation's leading economic research groups. "The growth for the year looks increasingly unachievable, growth will come from much higher domestic de-

supply. Policies of excessive or uncontrolled money supply growth, which the major industrial nations appear to be following, could lead to recession by the

Such a prediction, which would have been scoffed at by government policymakers a few months ago, is indicative of the changing mood in West Germany. The optimism that accompanied growth without in-flation is giving way to concern about the future and recalcitrance by groups who feel threatened.

As recently as late 1986, the mood was brighter. Mr. Kohl's government had followed, with some success, a policy of steady economic growth, based on price stability and closely controlled monetary expansion. The chancellor's Christian Democratic Union made economics the cornerstone of its election campaign, plastering the country with posters showing a thumbs-up sign and the words, "Carry on, Germany!

But economists say much of the past success came more from simple good fortune than the government's policies. West Germany had deflation of 0.2 percent in 1986 and inflation of 2.2 percent in 1985. but this was due largely to the collapse of global crude oil prices during 1986. Most analysts predict inflation of about 2 percent in 1987.

The decline in inflation, combined with mild wage increases over the past few years and a cut in personal income taxes that went into effect in January 1986.

Continued on page 11

Pressures Blur Image **Of Solidity**

Continued from page 7

government changes in Bonn. This rule, in addition to the three-party system, has been a major pillar of political stability.

The first test will be in Hesse, which votes on Sunday. The local Social Democrats and Greens had formed the country's first redgreen coalition and intend to renew it.

Economically, "1987 will be a year of great difficulty," according to an economist, reflecting the judgment of many of his colleagues. The economy is resilient and has great reserves of strength but economic growth will remain below expectations and unemployment, insufficiently slowed down by the recent tax cuts, is likely to grow again, he said.

Officials in Bonn speak with some vehemence of what they see as American and West European demands that West Germany "take the responsibility, single-handedly, for turning the world economy around."

They feel "beleaguered by these pressures," one official said.

A leading Christian Democrat expressed the intensity of emotions that this quarrel has touched off. West Germany, he said, will not give in to the American demands for greater growth because these demands make no sense.

"Our capabilities are limited; even if we were able to increase growth by, say, one per-cent, which we are not, it would have no real impact on the American economy." The government has forecast a growth rate of 2.5 percent, which is widely regarded as overly

S for European Community demands for lower farm prices, "they are a poisonous prescription which would kill the German family farm," he said. Reflecting the depth of the contrast between the opposing perceptions, a foreign dip-lomat in Bonn referred to German family farm as "the most sacred of their sacred cows."

Another diplomat argued that West German politicians and business people had "become so obsessively concerned with stability that they are afraid of growth and prefer high unemployment, which they can afford because their welfare net is highly developed."

"There are tensions, but we do not want a trade war, which would weigh more heavily on our relations with our allies than any other conceivable issue, including disagreement on nuclear policy," a German official said. "A trade war would stir the emotions of West Germans far more than a hundred warheads more or less," he added.

Ostpolitik - relations with the Soviet Union and Eastern Europe - is the bright spot in the current picture as it is seen from Bonn. The fact that a reduction of American and Soviet



West Germany's affluent consumers in a year of "difficulty."

nuclear arsenals in Europe is seriously negotiated, is a central concern.

The coalition parties can take credit for having stood firm in 1983, when the Pershing Il and cruise missiles, which are now the Western bargaining chips, were deployed despite opposition from the Social Democrats and the peace movement

But the discussion on the subject is strangely muted. It does not reflect the apsetting effect that the removal of the American missiles could have on the country's position in the alliance. The anti-nuclear militants who opposed the deployment of these weapons are not publicly inbilant over their removal, and gov-ernment officials seem reluctant to take credit

The danger of being left to face the superiority of Soviet conventional forces without the protection of the American nuclear shield is being discussed in great technical detail by specialists but does not appear to have impressed itself, as yet, on average people. Some, on the political right, worry about a possible unraveling of the alliance—the "uncoupling" of the links between Europe and the United States that deployment of the Pershings was supposed to prevent in the first place. But this seems to be a minority view. "For once," said a conservative newspaper editor, "the Germans are not worried enough."

Foreign Minister Hans-Dietrich Genscher, the leader of the Free Democrats, was the first among European leaders to argue that the Europeans should respond quickly to the Soviet initiatives and engage Mikhail Gorbachev in negotiations. His repeated public statements have been well ahead of the far more reserved reaction of British and French leaders.

Under Mr. Genscher's influence, the West German strategy is to probe Soviet intentions beyond nuclear disarmament and to test whether a new period of general East-West détente has become possible. As officials in Bonn see it, the Soviet Union is 10 or more years behind the West in industrial technology and continues to lose ground. The new Soviet leaders, this thinking goes, want to reverse the trend and need better relations with the West

"The real test will come when we ask the Soviets for concessions on conventional forces," an official said. "This, and their attitudes on political issues, will show whether the Soviets are ready for a new policy of mutual restraint and nonviolence or whether they are bargaining only for a temporary and limited advantage," he added.

Whether the thaw is temporary or permanent, Bonn is determined to exploit it. Ostpolitik has entered a new, highly active phase, President Richard Weizsäcker is due to visit Moscow, perhaps as early as May. Both Mr. Genscher and Eduard Shevardnadze, the Soviet foreign minister, plan mutual visits.

In spite of the misgivings of the Western Big Three, the mayor of West Berlin, Eberhard Diepgen, is set to visit East Berlin to participate in a state ceremony there celebrating the 750th anniversary of the city and Erich Honecker, the East German leader, has been invited to a comparable celebration in the western

HENRY TANNER is on the staff of the International Herald Tribune.

Defense Thinking Is a Weak Link In the Strong French Connection

By Peter Scholl-Latour

AMBURG - Union is no longer an exaggerated term to describe the relationship between France and West Germany — so deeply inter-woven have the bureaucracies of the two governments become and so close are the economic and personal ties at all levels. The full reality of this state of affairs, strangely, is less fully recognized by the West Germans than by the French, who are more deeply aware that their well-being is tied to the future of Germany.

For the West Germans, it is the relationship with the United States that evokes strong emotions - both for and against - and that dominates popular expectations for the future

POINT OF VIEW

much more than the alliance with France, which cannot match the weight of the superpowers. In the Protestant northern part of the Federal Republic especially, there is a tendency to dismiss the French partner as a quantité négligeable, and it is remarkable, therefore, that it is former Chancellor Helmut Schmidt, from Hamburg, with his understanding of coming strategic transformations, who has be-come one of the foremost advocates of a selfreliant French-German defense.

The big strategic options of the two governments remain far apart in spite of the rap-prochement on all other levels. It was not until François Mitterrand became president that France declared itself ready to take part in the forward defense of the Federal Republic in case of war. He regards the territory between the Rhine and Elbe as an indispensable part of France's own defensive system and no longer as a military glacis. And he introduced this new concept into French military thinking at a time when the West Germans were focusing their strategic fears and interests on issues over which the superpowers alone have control. President Ronald Reagan's Strategic Defense Initiative became a major theme of internal polemics in West Germany, while the French proposal for European scientific cooperation in Eureka received only marginal attention.

There has been a psychological reassessment since the early 1960s, when most West Germans were unconditionally pro-American, Today, the prevailing attitude is one of distance and even suspicion, even though certain hysterical excesses of anti-Americanism must not be overestimated. It is significant that so competent a politician as Foreign Minister Hans-Dietrich Genscher, setting a different tone from the Christian Democrats with whom he is allied, has made himself one of the most effective proponents of close cooperation with Par-

There are striking differences between the French and German reactions to the relationship with the United States. West German public opinion was slow to discover the limitations on its sovereignty that date from the

The big strategic options of the two governments remain far apart.

defeat of 1945. While General de Gaulle, who engaged in lofty and sometimes excessive solo flights, created his own nuclear strike force and thus laid the foundation for a relatively relaxed French relationship with the American superpower, the West Germans are still chafing under their diplomatic and strategic dependence: They are asking not for their own nuclear weapons but, understandably, for the right to participate as full partners in any decision involving the use of these weapons in Europe.

This may be responsible for the contrasting French and German attitudes concerning nuclear power, for instance, in the case of the French power plant of Cattenom near the border in Lorraine. It may be that the negotiations on nuclear matters between the super-powers, whose secret is never completely lifted, and the lear felt by many Germans of being drawn into a nuclear inferno without being consulted touched off the psychological reac tions in the Federal Republic that are so difficult for foreigners to understand. The rise of the Greens and the ecologist and Alternative movements has yet to be fully explained. It may be that beneath this romantic pacifism there are the first signs of a rise of neo-nation-

A majority of politicians from the Christian Democrats to the Greens regard the new Soviet glasnost with skepticism as well as hope. How-ever, beneath this mixed reaction lies a profound change: The time is past when everything connected with the Soviet system was regarded as devilish. The willingness to coexist with the Soviet security system is not at all confined to the parties of the left.

Since Konrad Adenaner set the Federal Republic so firmly on the Western track, leading to its integration in the Atlantic alliance and the European Community, it is only natural, as the years pass, that another concept is re-emerging: The term "Middle Europe" is gain-

ing currency again.
Interest in the history of Prussia and Saxony is being revived on television, the 750th anniversary of the founding of Berlin is being celebrated - all this reminds the Germans of their central place in Europe. As a result, there is a timid revival of traditional national consciousness, which is gradually superseding the postwar tendency to disavow history. Even though the political and cultural intolerance and economic backwardness of the Soviet system remain repugnant, the initiatives of Mikhail Gorbachev have stirred a new fascination with Russia. Détente, including nuclear disarmament in Europe, is regarded by many Germans as a milestone on the road to the rapprochement between the two German states that is already well advanced on the cultural

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The French, as continental allies, have more understanding than the British and Americans for these German attitudes and geographical pressures. Paris is conscious of the difficulties that are in the offing for the French-German alliance. Even if it is not in Moscow's interest to nourish any West German illusions about the possibility of reunification of the two states, the Soviet Union may use its influence in East Berlin to induce the Bonn government and political parties to make concessions. On the Rhine, there is a growing suspicion that West and East Germany both are pawns in the big chess game of the superpowers.

If the nuclear zero option, which Bonn had originally demanded and is now hypocritically praising, is adopted, it will make a basic rethinking of the defense concepts of the Atlantic alliance inevitable. The Reykjavik decisions raise questions about the American nuclear umbrella, and an eventual drastic reduction of the American military presence in Europe cannot be excluded.

But the logical consequence that Mr. Schmidt wants to draw from this situation namely, the creation of a self-reliant, integrated Franco-German defense potential - will not be drawn any time soon. All declarations to the contrary notwithstanding, it is clear that Washington would be against any tendency of the European pillar of the alliance to become more independent. And the Soviet Union would with all the means at its disposal, oppose the strategic consolidation of Western Europe, which, in Moscow's analysis, could lead to a new German hegemony over the

Between the reality of European unity, hich, hopefully, is irreversible, and the perspective of a rapprochement of the two German states, which could be used by the Soviet Union as a means for destabilizing Europe, the Federal Republic finds itself necessarily in an ambiguous position. The Germans, throughout their history, have been part of the West and at the same time open and available to the East. The contradictions between these two strains of history have often led to disaster. It will take great statesmanship and suppleness for West German politicisms if they want to bridge these contradictions in a way that would be acceptable for both West and East.

PETER SCHOLL-LATOUR is a German television journalist and author of best-selling books on international affairs. He is a director and former editor in chief of the weekly Stern.

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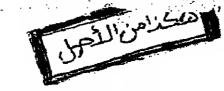
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Disputes Among Historians Indicate Changing Cultural Moods

The issue is whether the identity of Germans today should still be overshadowed by the 12 Nazi years.

By Christoph Bertram

IFFERENT countries have different ways of debating the trends of their time: In France, the "new philosophers" reflected the growing disenchartment of the Left with Soviet Marxism and its most terrible product, the gulag. In Britain, that happy country where intellectuals are still not classified by specialty but respected for their general education, the letters page of The Times remains the prominent forum for the battle of ideas.

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the battle of ideas.

In contrast, in West Germany, where there is no real establishment, no capital city combining the political and cultural elites, indications for changing moods and subterranean currents can be found in the disputes among historians. It is, perhaps, indicative that the historians, the analysis of times past, should play such a role in the exploration of German identity today. As Gordon Craig, the Scottish-American who has become a leading and sympathetic authority on German history, recently remindauthority on German history, recently reminded us in The New York Review of Books, German professors in general and German historians in particular have always been a querulous lot. The historians have been prone to prolonged and bitter intellectual donnybrooks, and some of these, because of the importance of the issues involved and the passion with which they have been debated, are remembered as significant illustrations of the social and intellectual temper of their time."

OREOVER, few countries have experienced a more turbulent history over the past 120 years: history over the past 120 years: from the loosely knit German federation of the first part of the 19th century to Bismarck's Reich; from the ruins of World -War I, the ravages of inflation and depression to murder and destruction under the Nazis; from capitulation in 1945 to national division; from bankruptcy then to prosperity now. As Germans try to find out what they are about after all these traumatic experiences, they quite naturally turn to the historians to provide them with a sense of where they come from and also,

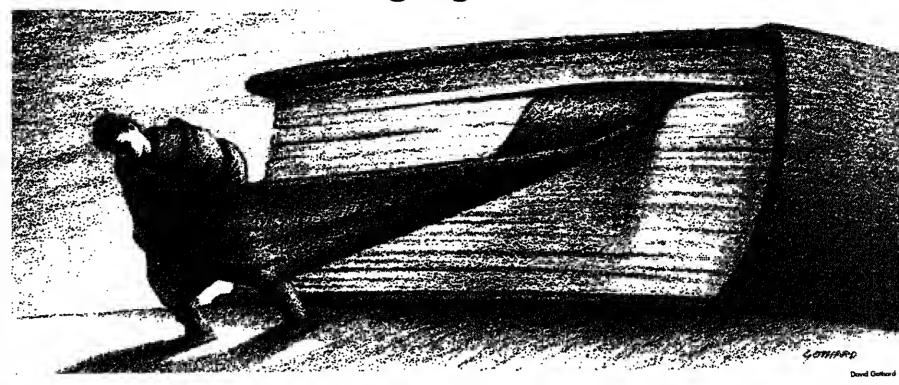
perhaps, where they are going.

The latest of these debates has been conducted in pages of the West German press for most of last year, most prominently in the country's leading liberal weekly, Die Zeit, The issue is not a new one: whether, 45 years after. the collapse of Hitler's Reich, the identity of Germans today should still be overshadowed by the 12 Nazi years, which brought death and destruction to tens of millions of people, truncated the nation and cut it off from its history.

Berlin Professor Ernst Nolte, a man characterized by Craig as "more of a philosopher than a historian, with a penchant for making startling comparisons or posing daring hypotheses, of-ten in the form of questions, which therefore do not require an underpinning of proof." Nolte's piece printed in the country's major daily, the conservative Frankfurter Aligemeine Zeitung culminated in one such question: whether the idea for Auschwitz had originated with the massacres of the Soviet Union and whether the Nazis and Hitler had perhaps committed their atrocrites only because they regarded themselves as the potential or real targets of an "Asiatic" deed. "Was the gulag," Nolte asked obscurely, "not more original than Auschwitz?

In normal circumstances, the strange utterings would have been passed over as the maverick views of an ivory-lower academic. But there are no "normal circumstances" in a country whose name has become linked with the greatest crimes in history and which, in its credit, has tried hard not to forget this. The man who took up Nolte's challenge was no historian, but West Germany's leading leftist sociologist and philosopher, Jürgen Habermas. Rather than ridiculing Nolte's strange suggestions, he took them very seriously. Behind it all (and other, similar remarks by historical writers), Habermas detected less a rearrangement of the past than an attempt to instill, in West Germans of today, a new sense of identity and patriotism by putting Auschwitz in the same "category" as other 20th-century atrocities. And soon every self-respecting historian was joining the

If followed, as these things are perhaps bound to, an almost predictable course. Joachim Fest, highly respected journalist and Hitler biographer and now one of the editorial directors of the Frankfurter Allgemeine Zeitung, led the counter-counterattack by claiming that, after all, Nolte's questions could not be dismissed out of hand, and that there were indeed reasons to doubt the "singularity" of the Nazi crimes. The historians rallied mostly to Habermas. Nolte's suggestion that Hitler had followed an "Asiatic" model was analyzed, dissected and roundly rejected. All agreed that the Nazi atrocities, the bureaucratized, me-chanical and mechanized murder of millions of human beings cannot ever be equated with other mass crimes, not in Stalin's Russia nor in Pol Pot's Cambodia. Nolte responded in Die Zeit in typical fashion: "The gulag is more "original" than Auschwitz for the simple reason that the originators of Auschwitz were aware of it and not the other way around. But there exists nevertheless a qualitative differ-



even more impermissible not to recognize the relationship." And even Habermas, in his final replique called this "a thoughtful contribu-

And yet, the impact of the dispute, which touched many in the German intelligentsia deeply, cannot be explained by its historical arguments, important as they may be. As such, they have little novelty value in a society that only a year earlier had discussed with German thoroughness the lessons of history on the 40th anniversary of May 8, 1945. Four decades after Hitler's death, it is virtually impossible not to find, in any edition of the national newspapers, references to events during those dreadful 12 years, 1933 to 1945. Indeed, the coverage is so extensive, the memoirs of the survivors so widely reviewed, the dates of Hitler's rise and fall so meticulously chronicled, that clearly this remains a major preoccupation of Germany's thinking classes. Of course, as new generations come forward, memories recede and the fixation on the past, however morally justified, inevitably acquires a degree of rituality. But perhaps there is no other way in which human societies can cope with the burden of historical guilt, and the seriousness of these attempts is

not in doubt. Yet the political significance of the "historians' dispute" lies elsewhere. Habermas feared not just that the arguments of the Nolte camp were trying to reduce German guilt but that they were put forward in order to justify that political restoration that liberals and leftists among the German intelligentsia have long associated with the government of Helmut Kohl and the "change of course" attributed to it. It was this that rankled Habermas, the champion of the enlightenment. His concludated the nation and cut it off from its history.

ence between these two events. It is impermising piece in Die Zeit was entitled, "Of the The flist shot in the encounter was fired by sible to overlook these differences, but it is Public Use of History." History, so his argu-

ment went, was being misused to serve the political interests of conservative restoration. The vehemence of the debate can indeed only be understood in this context: It was not just another quarrel over the guilt of the Germans but over the role that this guilt should play in defining the identity of the nation. Behind all the academic arguments, the real debate was about the future consensus on West

Germany's political identity. THY did it break out now? For one, the government of Helmut Kohl, unlike all its predecessors, I has put itself firmly into the context of "normalcy." From the start of his tenure, Kohl has presented himself as West Germany's first chancellor of the generation born after the war. He has, it is true, found moving words on occasions to underline that Germans can never escape from their past, it is also true that his desire to make Germans understand that their history reaches back much further than 1933 has been shared by practically all his predecessors. But Kohl, in contrast to them, has sought more directly and perhaps more crudely to give to his compatriots a sense that they have no reason to run around in a hair shirt any longer. Kohl's acts of historical reconciliation have thus not been with the persecuted of the gas chambers (like Adenauer's agreement with Ben-Gurion for material compensation for the Jews or Willy Brandt's kneeling before the Jewish memorial in Warsaw) but with those killed on the battlefields: Kohl joined hands in Verdun with President Mitterrand and at the military cemetery of Bitburg with President Reagan. And he no longer acts

as if the burden of German's Nazi past rests heavily on his shoulders. This is probably not just a matter of genera-

In a changing world

tions and probably no coincidence that the dispute between those who want to emphasize 'normalcy" on the right and those who protest the "inherent abnormalcy" of the German existence on the left occurs at a time when the West German political consensus is showing severe signs of strain. Within the society, as well as in the international framework within which the country must operate, there are growing signs of shift and doubt. Domestically, the authority of the large political parties has suffered as voters have become less and less classifiable by social class and affinity, and the authority of the center has progressively been weakened as local and regional matters have increasingly come to the fore. Interna-tionally, the relationship with the United States has been strained by the clash between Reaganite ideologies in America and an often no less intense anti-Reaganism in West Germany; NATO and its doctrine of deterrence bave been thrown in doubt by the emotional nuclear debate; the European Community seems in have decayed to petty bargaining over farm subsidies and steel quotas, while at the same time new possibilities for contacts and cooperation with East Germany seemed to open up and with it a new curiosity in West Germany about the cousins across the Elbe.

This, therefore, is the context in which the historians conducted their debate; the battle over the future shape of the German consensus. The Kohl government, rightly aware of the dangers inherent in West Germany floating between East and West and past and future, has tried to get history on its side. The critical Left, as represented by Habermas, not only distikes the method but also the objective.

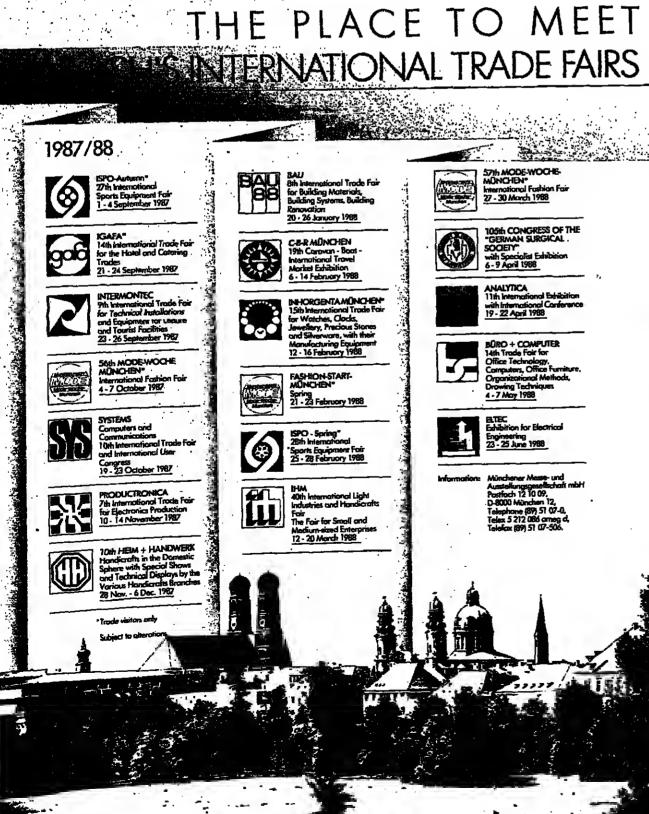
Who will prevail in the end? My hunch is that history, particularly in the German case, is not a useful handmaiden for the task of shap-

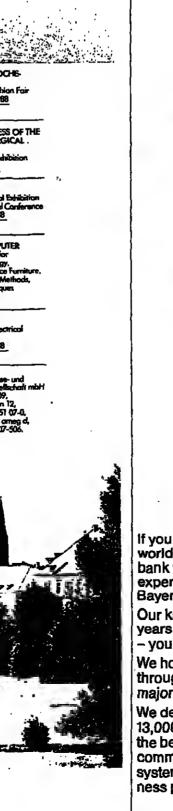
ing future policies. Those who argued in the debate that the past cannot be reinterpreted in suit the political fashions of later times have been proven right. The Nazi crimes were so horrendous that they will continue to overshadow German history for the indefinite future, and every new generation of Germans will have to come in grips with it again, however painful the process. If they want to give a direction to floating moods and uncertainties in the country, political leaders have to address the tasks of the future, not lighten the burdens

▼ EST German society, for all the quarrels, polemics and excitements of the 1980s, remains, after all, basically content with the status quo - as long as it does not pose awkward alternatives. Normalcy has set in in West Germany, and time is a force that not only reconciles with the past but also with the present. By and large, Helmut Kohl reflects a widespread feeling in the country: West Germans feel satisfied with their existence. The recurrent debate over "German identity" is no proof to the country - after all, Germans have always been fond of discussing what they are and wby; it is the favorite parlor game.

What uncertainties exist would seem to be quite natural in a phase of domestic and international flux. They will gel into something more serious only if the politicians fail to provide leadership - and no historian can do that job for them.

CHRISTOPH BERTRAM is diplomatic correspondent of the weekly Die Zeit.







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By Edward Roby

ONN — The temptation to build corporate empires seems to be stirriog again in West Germany after a long postwar

The victorious World War II allies had identified the tendency to erect market-dominating structures in industry as a peculiarly German vice. They found it unusually threatening and set out to crush it under the unofficial occupation policy slogan: Demilitarization, Decartelization and Denazification.

The biggest target of the decartelization program was the I.G. Farbenindustrie AG fusion of the export-oriented German chemical industry, which developed the poisoo gas that made its debut in World War I as well as a list of ingenious synthetic products that have transformed the modern

A made-for-televisioo epic based on the rise and fall of IG Farben with Burt Lancaster in the role of a chemical industry patriarch became a prime-time hit oo German televisioo over the Christmas holidays. The film delivered a frank portrayal of the world's biggest chemical industry as a tool of militarism and per-

verse nationalism side by side with its Nobel prize-winning glory and incomparable scientific achievements.

And it came at a timely juncture in West Germany's development because the peril of economic concentration is again a topic of public discussion.

Last autumn, Aachener-Mün-chener, one of West Germany's top five insurance companies. agreed to pay 1.85 billion Deutsche marks (\$1 billion) for the acquisition of the union-owned Bank für Gemeinwirtschaft, the country's eighth largest bank, when the German Labor Federation ran into severe financial difficulties. This takeover followed closely on the country's most spectacular postwar merger, in which Daimler-Benz paid 1.6 bil-

troubled electrical concern AEG. It was just one in a string of rapid-fire takeovers through which the Mercedes automobile maker catapulted itself into the No. I positioo in West German industry last year. The car company also acquired MTU Motoren-und-Turbinen-Union and the family-owned Dornier aerospace firm, both of them high-profile efense contractors.

lion DM to absorb the giant but

The trend toward concentrations in the form of conglomerate mergers became visible for the

first time" with the AEG and Bank für Gemeinwirtschaft acquisitions, commented Wupper and Partner, the Hamburg merger specialist, in its annual report for 1986. "A new era in German corporate history was initiated

The Wupper report, titled

sulting firm, observed in the report. The trend was nowhere more visible than in the service industries, particularly in publishing, banking and computer software, the report said. In the industrial and manufacturing sectors, it said, the merger bug was especially active last year in

The peril of concentration is again a topic of discussion.

"Who Is Buying Whom?" cataloged 1,724 mergerlike transactions involving West German companies last year, a burst of activity that it said was up more than 30 percent from the 1985 level. German corporate strategists, in arming themselves for the challenges of the 1990s, are recognizing that taking a position in an existing firm can be surer and cheaper over the long baul than starting from scratch in a new field, the report said.

A new momentum toward conceotration within branches is visible on a broad froot, Jürgen Wupper, chief of the merger conchemicals, pharmaceuticals, machine tools, electronics and data processing and controls technol-

The Siemens electrotechnical concern led the list of the top 10 buyers with 24 acquisitions in 1986, followed by the soon-to-beprivatized Veba energy conglom-erate, Deutsche Genossenschaftsbank and the Axel Sprioger publishing house.

West Germany's corporate empire-builders invested heavily in foreign markets last year, too, with the Hoechst chemical concern, once a part of the IG Farben colossus, paying a record 5.7 billion DM to acquire Celanese Corp. of the United States.

The Bertelsmann media concern, meanwhile, took positions in Doubleday Books and RCA for 1.8 billion DM. Deutsche Bank plunked down 12 billion DM for the Italian unit of Bank of America and Volkswagenwerk bought into Spain's SEAT for 1.1.

billion DM. In its impact on the domestic economy, the recent German merger wave fades to insignificaoce heside the frenzy that swept through the U.S. oil industry a few years ago. But some critical observers of the forces that produce concentration in the West German economy have contended that such straightforward. cash-and-carry commercial acquisitions may be only the tip of the icehers.

Wolfgang Kartte, a chief of West Germany's Berlio-hased antitrust office, has warned that the real danger of economic con-centration might lie in the coun-try's largely unregulated univer-sal haoking system, which permits a few influential commercial banks to maintain extensive portfolios of corporate share-

Dentsche Bank, the country's largest credit institution, for example, owns 28.5 percent of Daimler-Benz, the largest industrial compacy, and hoth Dresdner Bank and Commerzbank, the other two members of German banking's "Big Three," also have a stake in the car company. Deutsche Bank Co-Chair-

last year by a business magazine as the most powerful manual West Germany, is credited with playing a key role in the DaimlerBear. acquisitioos. And Denigolis Bank, which has major holdings in many blue chip concerns, has its representatives on about 150 supervisory boards of industrial

Not Germany companies. A report filed last summer by West Germany's public monopoly commission revealed that ommerzbank held stock in 10 of the country's 100 biggest nonhanks, and Deutsche and Dresdner, along with the giant Allianz insurance group, had a partial stake in eight apiece.

The commission, which called for a 5 percent cap on corporate participation by the banks in other industries, cited two cases in which it said bank influence may have neutralized an official ban on proposed mergers of retailing and manufacturing companies active in the same bu

active in the same outsiness.

Hanns C. Schroeder-Hohenwarth, who in March concluded a fouryear term as president of the German Banking Federation, calls such criticism unfair.

Mr. Schroeder-Hohenwarth and the head of Commerzbank Walter Scipp, have said that legis lative moves to restrict banking participation in industry could have damaging consequences for the economy.

EDWARD ROBY is United

"I always tell my secretary-get me on Lufthansa."

This is an authentic passenger statement,

Daimler-Benz catapults beyond the Mercedes.



Lufthansa

EC's Complaint

Continued from page 7

Germans are leading the way,' one EC official remarked.

Dipiomats here are most concerned by what they fear may be a policy in Bonn to actually discourage some German firms from participating in European programs. Official rhetoric aside, the EC diplomats contend that in some cases the Bonn government does not want its firms to share their technological know-how with other European companies.

"Encouraging a German company to become involved with an EC program is to encourage it to share its technology with other companies," said an EC official involved in community research programs, "But what we're noticing is a German reluctance to participate. We get the feeling that the German government is standing back."

The official contended that while other EC governments help coordinate seminars for industrialists to learn about EC research programs, Bonn shies away from sponsoring such conferences.
We are inundated with requests except Germany," he comment-

Moreover, many EC sides contend that Bonn even establishes national programs that compete directly with EC efforts. One dip-lomat said that Bonn has radically increased its national research subsidies in information technology since 1984, possibly to draw

German firms away from Espit. "It's a result of this policy that organizations in Germany are discouraged from going interna-tional," the official said.

West German diplomats deny

There's certainly no govern-ment money set aside with the aim to persuade firms out to co. operate with somebody abroad," a diplomat said. He and other ... German officials argue that any increase in national subsidies reflects the needs of the targeted sector and are oot an effort to undermine competing EC pro-

An oddity in the controversy concerns the role of West Ger research institutes. While the Bonn government appears skeptical about most EC research programs, West German organizations are enthusiastic in certain

In the EC's program for industrial engineering, there are more firms from West Germany than from any other EC nation. sources say. West German organizations are also prevalent in programs on nuclear fusion, the one area that the Bonn government fully supports as appropriate for joint research.

However, the record is spotty. close precise statistics, but West German firms are said to be underrepresented in Esprit, while there has been little enthusiasm for Race, the EC telecommunica tions program. Race is still in its definition stages, so the extent of future West German participa-tion is not clear.

PETER MAASS, a journalis based in Brussels, writes frequently for the International Herald Tr

DEUTSCH LERNEN



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Economy, at Crossroads, Is Caught in Social Net

Continued from page 7

resulted in a 3.8 percent rise in domestic demand in 1986 from 1985.

Most economists see another 4 percent to 4.5 percent rise in 1987, from 1986. Other European countries and the Reagan administration and have pushed the West German government to further stimulate domestic demand as a means of raising

import levels, thus easing the huge U.S. trade deficit.

The trend represents a fundamental change of impetus for the economy. Economic growth in 1986 and 1985 was powered by record-high export levels. West Germany's trade surplus sourced to a record 112.2 billion DM (\$61.65 billion) in 1986, breaking the old mark of 73.4 billion DM set in 1985. Exports alsocount for one-third of of the nation's economic

The nation's current account registered a record surplus of 77.8 billion DM in 1986, shattering the old record of 38.9 billion DM set the previous year.

For 1987, most economists are projecting a trade surplus of 100 billion DM and a current account surplus of about 60 billion DM.

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But the dollar's plange to around 1.82 DM currently from a peak of 3.47 DM in mid-1985, has severely hurt exports. In volume terms, exports fell 0.6 percent in 1986 from 1985, but due to vastly improved terms of trade, the nominal levels, which

do not factor in prices, rose.

Exports are seen falling about 1 percent in 1987, although a further dollar decline would be a serious blow. But as one West German economist said, welloff Americans still want BMWs and Porsches whatever the price. Also, the majority of German exports 1-3 430 to countries other than the United States.

However, West Germany's highly export-oriented industry is responding to the steep drop in foreign orders for German goods by cutting back capital goods investment, cutting production and inventory, and taking further restructuring measures, including laying off workers.

That further aggravates unemployment, which has been a persistent problem for the Kohl administration. In February, unemployment totaled 10 percent of the work force, or 2.4 million persons, down from 2.5 million in January. West Germany's unemployment totals are usually higher in winter because the construction industry frequently shuts down due to weather conditions.

The government is reacting by sticking to its guns. Employment Minister Norbert Blum says the gov-ernment's policy is still creating new jobs through continued economic expansion, rather than financing make-work schemes that offer at best a transitory

The nation's unions have a different idea. In current labor negotiations, the 1G Metall metalworkers union is again pushing its proposal to shorten the work week to 35 hours as a way of reducing unemployment. The union's position is that workers get the same pay for 35 hours that they now get for 40 hours or 38.5 hours, plus a 5 percent raise and no overtime work.

Proposals for shortening the work week toucher off a bitter, six-week metalworkers' strike in the summer of 1984 that virtually closed down West Germany's huge automotive industry. The dispute was resolved with a compromise on a 38.5-hour work week in the industry.

There have been several minor warning strikes by the metalworkers thus far in 1987, and the issue could turn into a major problem for the government and employers, who are firmly opposed to it. The government also wants pay increases to be limited, to help fight inflation.

The danger of possible strikes could lead to a further worsening of the climate among businesses and consumers," said an economist for Westdeutsche Landesbank Girozentrale AG in Düsseldorf. "We also see a trend in the coming months for only relatively weak declines in umemployment and a slowdown in new employment."

Looking beyond the labor from, there are some positive signs for the West German economy. Interest rates are low. The Bundesbank's key lending rate, the discount rate, was cut in January to 3 percent, from 3.5 percent, putting it at its lowest levels since 1959. Money market interest rates are steady at around 3.8 percent.

Karl Otto Pöhl, president of the Bundesbank, West Germany's central bank, recently told a group of top bankers that he sees room for a possible further discount-rate cut. But he has also said monetary policy has gone about as far as it can to boost the nation's economy, and fiscal policy must take over.

Fiscal policy is the realm of Finance Minister Gerhard Stoltenberg, who played a leading role in the

meeting of the Group of Seven industrial nations in Paris, in late February. At that gathering West Germany promised to beef up a tax cut scheduled to go into effect in January 1988. The Group of Seven consists of Britain, France, Italy, Japan, West Germany and the United States. Italy boycotted the

On Feb. 25, the coalition agreed to lower the corporate tax rate to 50 percent from 56 percent and to reduce the top personal income tax rate to 53 percent from 56 percent. The minimum personal income tax rate is to be lowered to 19 percent from 22

But the tax-reduction proposals have drawn fire. both for what they include and what they leave out. Michael Zapf, managing director of the Bank in Liechtenstein in Frankfurt, likens them to the "creative accounting" described by the former White House budget director, David Stockman, in his book on the early days of the Reagan administration.

Mr. Zapf calls the tax package, "a rosy scenario with a magic asterisk," and questions the underlying

"In a prudent bookkeeping sense," Mr. Zapf said,

"the entire financing of the tax reform package remains unclear. Under a worst-case assumption, it is perfectly possible that the next years will see a significant increase in public sector borrowing requirement. Should such a drastic increase in public debt occur, the public sector will crowd out the private sector and interest rates will rise."

Other economists have questioned whether the tax cuts should be moved up to this year. So far, the government has given no sign that speeding up the cuts is being considered.

The tax-reform package did not include the abolition of West Germany's stock exchange turnover tax. Top government officials had repeatedly said the turnover tax would be done away with in the current legislature's tenure. The failure to include it on the government's legislative agenda has been harshly

"It's a great disappointment," said Rüdiger von Rosen, executive vice chairman of the West German Stock Exchange Association, the umbrella group of the nation's eight bourses. "The reason being given for this abrupt about-face, that it would cause a loss of about 750 million DM in tax income that can't be recovered, is in no way believable. The efforts by the government, banks, stock exchanges and the Bundesbank to make West Germany a more competitive. international financial center have lost credibility, here and abroad."

West German voters returned Mr. Kohl's coalition to power on Jan. 25, although with a sharply reduced majority in parliament. The government, which assigned cabinet posts in early March after weeks of regotiations, is just beginning to plot its route through the tangled terrain of economic necessity and political expediency. But faced with the prospect of slowing growth, simply "carrying on" appears certain to be the road not chosen.

FERDINAND PROTZMAN is a correspondent for the International Herald Tribune based in Frankfurt.

Industry

Outlook



Automobiles

The market for passenger cars, following a record year of output and new registrations, is unlikely to match growth recorded in 1986. The stronger Deutsche mark is making West German cars more expensive abroad. And growing imports may squeeze sales in lower-and middle-priced automobile brackets, while increasingly

affecting the market for luxury automobiles.



Steel

Steel output, affected by the stronger Deutsche mark, growing imports and the decline in the oil market, dropped by 7 percent in 1986. No fundamental improvement is expected in 1987. Market share for mass steel will continue to be lost to developing

countries, and the market for steel pipe will yield more ground. Profit margins may be croded further by the weak dollar.



Mechanical Engineering

Output for 1987 is assured because of a sizeable volume of orders in hand. But foreign business, which accounts for 65 percent of the total, faces certain risks because of the declining dollar, depressed oil prices and the threat of import restrictions in the United

States. Maintaining market positions may cost in earnings, but increases in the work force are expected.



Electrical Engineering

Electrical engineering output for 1986 grew at a rate of 5 percent. For 1987, production in the sector is expected to expand by 3 to 4 percent. Data processing and information technology sectors are backing off, but

energy technology, auto electronics, drive and control technology and consumer goods are strengthening. Investment is expected to grow by 10-12 percent in real terms.



Chemicals

Industry sales dropped by nearly 6 percent in 1986, following a decline in oil-market prices and the weakening of the U.S. dollar. With uncertainties persisting over the direction of oil prices and exchange rates, moderate growth in output of 2-2.5 percent is forecast. Employment is expected to increase by about 1.5 percent. Plans for capital expenditures call for a real increase of 10 percent.

Graphics: Isabel Curé-Mouttet

Source: Commerzbank

Siemens: Global Game and 'European Solution'

A survivor plays catch-up ball in computers.

By Vivian Lewis

UNICH - With one exception, the great names of the West German elecgreat names or urical industry are now but fontnotes to history, bankrupt or taken over: Grundig, AEG, Telefunken. The main survivor is Siemens, vying with Philips of the Netherlands for top rank in European sales, and fifth rank in the world, after IBM. GE. Hitachi and Matsushita.

Siemens' board chairman, Karlheinz Kaske, 59, a doctor of engineering and a pragmatist, told a French journalist: "My colleagues of the management board and I do first of all what is good for Siemens. So much the better if it is also good for German industry. But Germany represents only 5 percent of the world market for electrical and electronic products."

To be sure, Siemens is West Germany's and Europe's largest private-sector employer, with 363,000 employees, 20 percent of them university graduates. But Siemens officials say that their strategy is worldwide in the first instance and focused on building up the company's presence in the United States in the second. North America in 1986 accounted for 10 percent of Siemens' total sales, after West Germany,

47 percent, and the rest of Europe, 26 percent.
In the last annual report, Siemens boasted that its integrated services digital network system had been sold to four of the seven regional Bell operating companies in the United States. Its Hickory; North Carolina, joint venture with Corning is the world's

largest manufacturer of optic fiber cables. All of which makes it a bit difficult to appreciate

the logic of Jacques Delors, president of the European Commission, who urged the French government to let Siemens become the foreign 20-percent share-holder in Cie. Générale de Construction Téléphonique (CGCT) now being sought by the French government. This, Mr. Delors wrote in Le Monde, "is a

European solution." Some staff members at Le Monde feel the commission's real concern is keeping Siemens involved in European programs, like RACE for broad-band celhilar radio research, EUREKA for basic research and

ESPRIT for computers. Siemens is playing catch-up ball in computers. Here, too, it is sometimes a good European, using

European standards (Unix in its X-open variation, also used by Bull, Ericsson, ICL, Nixdorf, Olivetti, Philips, and Unisys and Digital Equipment Co. of the Siemens is less of a presence in computers than it could be. Sales in 1986 of its communication and

information systems group came to 9.1 billion Deut-sche marks (\$5.1 billion), just inching ahead of telecommunications. But in addition to data-processing systems, this division includes value-added communication systems, in-house telecommunications for companies, fax and telex machines. The mixture of quite different products in one division is typical of mens' way of reporting its results.

Unlike other world-class electrical conglomerates, such as IBM; Hitachi or Philips, Siemens has only half-heartedly tried to make inroads in the computer industry. But last November, in a major switch, Siemens opted to join BASF in creating a new West German company, Comparex (capitalized at 80 million DM), to produce IBM-compatible personal

computers and more peripheral systems.

Siemens' sales and orders in communications and data systems in 1986 increased by 10 percent. The mainstay of Siemens' presence in the market is its family of general purpose computers, 3,500 of which have been installed in Europe. By adding PCs from Hitachi, Siemens hopes to develop a range of compatible machines based on the same software, which can interface without interference.

Can Siemens catch up in chips and computers while taking on a problem French telecommunica-

tions firm? The means are not lacking. Siemens is the most heavily capitalized West German-quoted industrial company, accounting for 10 percent of the stock

Siemens' chip strategy worries the stock market, in part because the pay-back for the firm is far down the pike and depends on costs as well as technology. Unlike IBM or even Philips, Siemens lacks a sufficient "captive market" for the chips its Munich plant will produce and its Regensburg unit will test and assemble with all costs to be incurred in marks.

Another problem for the market in sizing up this conglomerate is the obscurantist presentation of the accounts. Until this year, Siemens used to report separately for the power station company in the group, Kraftwerke-Union, But a lack of orders for KWU following Chemobyl and the Green Party movement was painfully obvious last year - and was the major reason that Siemens did so poorly. The company's reaction is typical; In 1987, KWU will be consolidated and its troubles will be hidden.

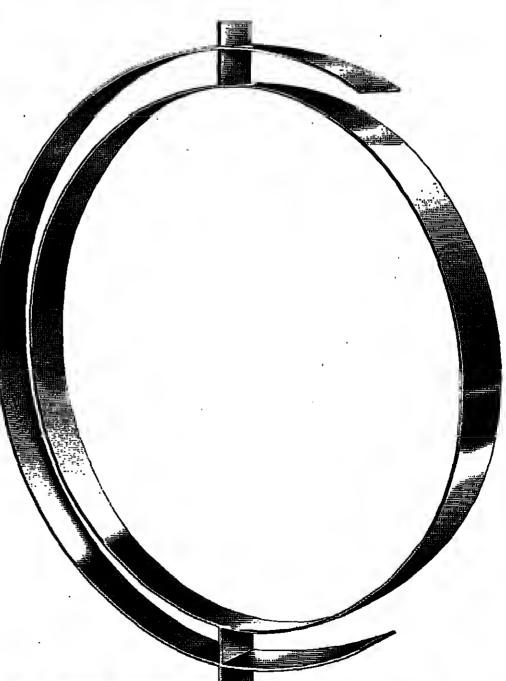
Telecommunications order books and sales failed in 1986 to match levels reached the previous year. partly because currency factors shrank growth, and partly because the firm failed to get contracts as large as had been delivered in 1985. As a result, communications and data-processing overtook this division for second place in sales (after electrical engineering). But Siemens is convinced that 1987 will be better.

VTVLAN LEWIS is a Paris-based financial journalist.



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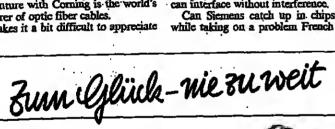


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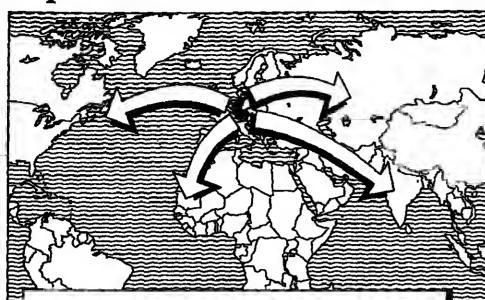


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Export Ties Across the Globe



Dollar, Recessions Affect Orders

By Wellington Long

B ONN - West German exports have been suffering since the spring of 1986 from the effects of the declining U.S. dollar as well as from economic stagnation or recession in many foreign markets.

Exports to developing countries fell by about 16 percent last year, primarily because their economic were stagnant or even in recession.

Yet the picture has some highlights. Some exporters actually have reased their business, particularly in the United States, mainly by supplying special products not otherwise available — an example is the Ucizener Maschinenfabrik Friedrich Mauer GmbH of Sulzbach, which has markedly increased sales of its small construction machines to the United States and says it is making a profit

despite the unfavorable exchange rate. But overall, new export orders have fallen off, by 10 percent for machines and factory installations.
The Institute for Global Economy in Kiel says that West German exports

depend less on the exchange rate of the U.S. dollar than on the economic situation in the customer countries. For this reason, the Institute predicts that West German exports may increase slightly this year, although they

could drop off in 1988.

The IFO research institute in Munich says another important factor is that 85 areas at 15 areas and 15 areas. that 85 percent of West German exports are factored in marks.

Klaus Richter, president of the West German Association of Wholesale and Export Traders, says that quality products, timely delivery, follow-on service and the fact that West German exporters remain in a market even if they suffer temporary setbacks are more important than the cheap dollar.

According to Mr. Richter, West German exports in 1986 dropped nominally two percent below 1985, although reckoned in volume, they actually grew by 1.4 percent.

"In short, exports lost their verve during the last year," Mr. Richter said. Wellington Long is a journalist based

Soviet Union and Eastern Europe

Exports to the Soviet Union fell off by 11 percent during the last year, primarily because the prices for raw materials, West Germany's main export item, dropped so sharply. West German industrialists hope that they eventually can recover some of the lost Soviet.

markets by developing joint enterprises with Soviet state-owned firms. Many details of such potential arrangements, which are being actively promoted by the Soviet Union, have yet to be clarified. The situation in Eastern Europe is similar.

United States

Despite the steadily declining dollar, West German exports to the United States fell only minimally during 1986, by one-half of one percent. But the association of wholesale and export traders warned that exporting to the dollar area, because of the massive fall in the exchange rate of the dollar, has become "increasingly difficult and risher." One company, Porsche AG, which sells more than half its output in the U.S. market, expects to sail every automobile it makes, but the company will earn less than in the recent past.

Western Europe

The states of the European Community remain West Germany's largest export market, France being the largest customer. While farm implement manufacturers in other countries reported serious difficulties, West Germany's tractor makers recorded considerable export successes, particularly within the BC. They attributed this in part to innovation. Exports to Spain rose by 24 percent and to Portugal by 10 percent, primarily as a result of the entry of these two countries into

Asia

Exports to Asia fell off slightly, by three-tenths of one percent, although West German imports from that area increased by almost mise percent. Exports to Asia make up about six percent of all West German exports. Exporters say their main competitors are the Japanese and the United States, both of which have established themselves in the Asian markets so firmly that competitors find it difficult to break in. Exporters believe the political strange, the plays a rul. About 47 percent of Asian trade is with Japan.

Middle East

Exports to the Middle East region, particularly to the oil- and gar-producing countries, declined sharply last year, in some cases by up to 30 percent. At fault is the declining price of petroleum on world markets, These countries' own revenues from exports of raw materials factored in U.S. dollars dropped drastically. The exporters hit hardest are 1,000 West German manufacturers of air-conditioning equipment. They report that during the last year orders from oil-producing countries dried up completely.

What Washington Wants

By John M. Goshko ASHINGTON — With the formal re-elec-tion of Helmut Kohl as West Germany's chancellor. U.S. officials anticipate four more years of close ties with a leader whose center-right policies have put him only a hair behind British Prime Minister Margaret Thatcher as the Reagan administra-

tion's favorite West European ally. The relationship will not be totally troublefree. There are areas, such as international economic policy, East-West relations and combating terrorism, where differences

between Bonn and Washington are apparent. But, officials on both sides agree, all involve issues susceptible to compromise. And, U.S. policymakers privately acknowledge, Washington prefers dealing with Mr. Kohl's coalition of Christian Democrats and liberal Free Democrats than with the opposition Social Democrats, who are regarded as open to neutralist influence, or with a government headed by Mr. Kohl's rightist Christian Democratic rival, Franz Josef Strauss, who advocates a hardline approach toward the Soviet Union.

At present, the major difference between the two governments involves a reprise of Washington's periodic efforts to get the cautious and reluctant Kohl government to use West Germany's economic strength to play a greater

role in world affairs.

What Washington has most in mind is its desire for West Germany, and Japan, to stimulate their economies to help relieve the U.S. trade deficit and to stabilize the decline of the dollar. U.S. Treasury Secretary James A. Baker 3d made some headway at a Feb. 22 meeting in Paris when Bonn promised to increase a planned \$5.5 billion tax cut, scheduled for Jan. 1, 1988, to stimulate demand by West German consumers and businesses for imports.

But the tax cut increase, which some sources said could amount to about \$3 billion, fell considerably short of the steps Washington had advocated. Moreover, Bonn's willingness to go ahead could be set back by slower growth and a rise in unemployment.

"We don't want German efforts to be confined to sucking in more American exports, "said one U.S. official involved in the talks. "We'd like to see West Germany more active in the European Common Market and elsewhere in promoting greater free trade, and we think it could do more to help relieve the massive foreign debt problems weighing on so many Third World countries."

But, as another U.S. official noted, "the Germans are

too conditioned by innate conservatism and their past history of traumatic economic setbacks to be comfortable with the idea of getting out front in a leadership role."

While Washington is all in favor of West Germany

becoming a more activist force economically, it is much more equivocal about Bonn following a similar path in the political sphere.
In the Middle East, Bonn usually has been associated

with European Community initiatives that West European governments insist are even-handed but that are regarded by Israel as tilting toward the Arab side. That, in turn, is seen by some U.S. policymakers as unhelpful toward efforts to revive the long-stalled peace process. Differing perspectives on the Middle East also have

been evident in the anti-terrorism field. For a brief moment, it threatened to cause a major problem between the Reagan and Kohl governments over U.S. requests for the extradition of Mohammed Ali Hamadei, 22, a Lebanese Shiite Moslem arrested to West Germany on Jan. 13.

The United States wants to try Mr. Hamadei for alleged participation in the 1985 hijacking of a TWA jetliner to Beirut and the murder of a U.S. Navy enlisted man who was among the passengers. However, the kidnapping of two West Germans to Beirut by terrorist groups demand-ing Mr. Hamadei's freedom forced the Kohl government to explore procedures that would avoid extradition.

While U.S. officials privately say they still want Mr. amadei extradited, they have ceased presuming their carriers of their carriers. Hamadei extradited, they have ceased pressuring Boan and have said they will await the results of extradition proceedings in the West German courts. Bonn has fended off the terrorist calls for releasing Mr. Hamade in a trade for the captive Germans, and there appears to be a tacit agreement that the situation not be allowed to escalate.

The most likely arena for greater political interplay between the two governments is the Atlantic alliance and what approach the United States and its North Atlantic Treaty Organization partners should take toward the "openness" initiatives of Soviet leader Mikhail S. Gorba-

chev, particularly in arms-control. The strong showing made by Mr. Kohl's coalition junsor partners, the Free Democrats, in the January national elections is regarded in Washington as having increased: greatly the influence of the Free Democratic leader, For eign Minister Hans-Dietrich Genscher, while marking a decline in the power of Mr. Strauss and the Christian Democratic right wing. That has prompted efforts to improve Bonn's ties with Moscow, where Mr. Kohl had been treated with far greater coolness than other West

Its most immediate effects, though, almost certainly will involve West German efforts to foster support within NATO for speedy pursuit of a U.S. Soviet agreement on the removal of internediate-range nuclear missles from Europe. West Germany has certain reservations about recent Soviet initiatives. These concerns involve verification and a desire to include in any agreement short-range nuclear missiles capable of hitting West Germany.

HE Kohl-Genscher coalition, auxious to claim the political credit with the West German public seems certain to be in the forefront of NATO countries pressing Washington to move full speed ahead on testing the possibilities of an agreement

However, other aspects of the larger East-West picture could cause some minor frictions between the two allies. As part of Bonn's opening to the East, the Christian Democratic mayor of West Berlin, Eberhard Diepgen, has invited the East German leader, Erich Honecker, to visit. the western side of the city next month to mark Berlin's 750th anniversary, and that has caused some qualing among U.S. officials about a precedent that could weaken American, British and French control over the western

sectors of the divided city.

Friction is also possible in the arms-control field. Bona.
regards the U.S. decision last year to halt voluntary compliance with restraints of the unratified Strategic Arms. Limitation Agreement as a hindrance to hopes for an agreement on reducing intercontinental nuclear missiles.

And, while Bonn remains a loyal supporter of research. into President Ronald Reagan's Strategic Defense Initiative, it has made no secret of its concern about the inistration's move toward a "broad interpretation" of. the 1972 Anti-Ballistics Missile Treaty as a prelude to American testing of space weaponry.

Perhaps the greatest of all West German concerns involves the paralysis that has beset the administration as the result of disclosures about arms sales to Iran and diversion of funds to Nicaraguan rebels. West German officials make no secret of their fear that a U.S. governs. ment forced into a defensive, inward-looking posture will be anable and unwilling to offer the leadership needed by the Atlantic alliance to test Mr. Gorbachev's calls for openness and reform of the Soviet system and to see whether it offers possibilities not only for arms control but. for détente across a broad range of East-West issues.

JOHN M. COSHKO is a diplomatic correspondent for The: Washington Post.



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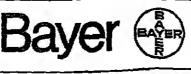
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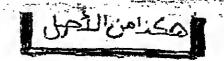
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Liquidity

Firms Push To Grow in U.S. Market

By Edward Roby

ONN — Three years ago, when the dollar was soaring toward 10-year highs against the Deutsche mark dozens of U.S. manufacturing companies simply abandoned the West German market as their exports became unprofitable.

Now, the tables have turned with a vengrance. The dollar has lost roughly half its export boom has passed its peak. But there has been no such corresponding exodus of West German companies from the vast U.S. market. Quite the contrary, West Germany's export-orented industries are pushing ahead with ex-pinsion plans in the United States. Mannesmann, the Düsseldorf-based steel,

pipe and engineering company, is currently sliopping for a new U.S. acquisition to complement the five production facilities and numer-obs trading outlets it already has in the United States. Chairman Werner H. Dieter said, "We need to produce more there. We must offer superior service. That can't be achieved without a production base in the country.

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The chemical company BASF, which bought into advanced materials, paint, ink and fibers a manufacturing operations in the United States even while the dollar was high, said it has plans för direct U.S. investment of well over \$1 billion in the next five years. BASF regards the United States as its biggest growth market.

Behind the contrasting behavior of the U.S. and German companies barks one of the secrets of the colossal U.S. trade deficit: a startling difference in corporate philosophy.

The typical U.S. company, to the extent that if pays heed to export potential at all, is likely to make its efforts in a foreign market contingent upon a swift return.

Thus, 60 U.S. companies simply pulled out of West Germany in 1984, when they concluded that the high dollar had made their products too pricey, said John Brennan, chief of the Frankfurt-based American Chamber of Commerce in West Germany.

"They said, well, the market has dried up. We'll go home," said Mr. Brennan. "It's the

The typical West German company will make a long-term commitment to a foreign market and is willing to absorb red ink while it builds up market share. Even when the foreign exchange pendulum swings against straight porting as it now has, such a company will often seize the chance to invest directly in a foreign assembly base or in related industries to help sell its core product abroad.

The Germans have always been exportminded. The Americans never have been," said Albert Doermann, a foreign trade specialist with the German Banking Federation.

In West Germany, it is thought that almost one out of three jobs depends directly or indirectly upon international trade. It has been estimated that perhaps three-quarters of all private companies are in some way engaged in exporting. The West Germans are keenly aware that foreign sales are a matter of survival

and the key to their postwar prospecity.

This outlook has helped make West Germany the world champion of international com-



Packing up: Worker stamps Roland offset press for shipment.

merce, overtaking the United States last year in value of exports. And unlike the third-place Japanese, whose yen has risen in value against the dollar almost exactly in step with the mark, the West Germans have not had to cope with a sudden spate of business failures and job losses caused by stalled exports.

Japan has been hit harder because around 40 reent of its total exports go to the United States compared with only 10 percent for West Germany. And while U.S. sales slipped marginally last year to 55.2 billion Dentsche marks (\$30.33 billion) from 55.5 billion DM in 1985, the West Germans managed to shift some exports to the European Community, where France was already their largest customer.

West Germany achieved a 110 billion DM foreign trade surplus last year, but Hanns Christian Schroeder-Hohenwarth, president of the German Banking Federation, told reporters at his organization's annual March meeting in Bonn that this "will decline in both real and nominal terms this year.

"A stiff wind is blowing in the face of the German export economy today because of the foreign exchange rates," he said.

The heavily export-oriented machinery, enneering and electrical branches all reported substantial drops in foreign orders for the closing months of 1986. The Bundesbank, or central bank, in its monthly report for February said this development will also take its toll the domestic economy because these branches have scaled down investment plans.

Rising consumer spending prompted by the disappearance of inflation and higher disposable income compensated for some lost export momentum last year but the economy only expanded by a modest 2.5 percent. Forecasts of comparable growth this year are being questioned as possibly too optimistic.

The volume of West German exports, in

response to the shift in exchange parities, began to stagnate after mid-1985, and the country's real imports have risen steadily since then. But the nominal West German trade surplus remains deceptively high because the same corrency rate reversal also produced a dramatic decline in West Germany's import prices.

The surge in imports is what U.S. officials had hoped to achieve by talking the dollar down, but the persistent nominal surplus has made it difficult for West Germany to argue this point. "It is no wonder that this develop-ment has created considerable confusion, particularly in the United States," said Gert

Schmidt, deputy director of Industriekreditbank AG-Doutsche Industriebank, in an analysis of the West German-U.S. trade imbalance. Commenting on the flood of imports during the German Banking Federation meeting. Deutsche Bank Co-Chairman F. Wilhelm Christians said, "We have done exactly that

which the Americans had demanded of us." Even if West Germany were to artificially stimulate its economy, as the United States has suggested, this would have a negligible impact on the demand for U.S. export goods under the circumstances, Mr. Schmidt argued. Moreover, he said, U.S. protectionist barriers or self-imposed export restraints by U.S. trading partners would only frustrate domestic demand in

The figures on bilateral trade over the past five years show that West German exports to the United States climbed from 28.1 billion DM in 1982 to 55.2 billion DM last year. But imports from the United States remained little changed at around 28 billion DM.

THE United States exports to West Germany state-of-the-art electronic office machinery, communications equipment, control systems and aircraft, among other items. Much of this would sell at any cost. But there has been little or no effort, for example, to market consumer goods, apparel and other products that might benefit from the increasingly favorable terms of trade for the United States.

"I can't detect any aggressiveness," said Jo-achim Velte, general manager of the business consulting firm Horst F.G. Angermann of

There is little disagreement that the foreign exchange swing and improving terms of trade will eventually redress the U.S. trade imbalance but "one can't expect it to happen overnight," said Horst Scidler, an economist with the German Institute for Economic Research in Berlin, "The Americans need to give the exchange rates time to make the correction."

The surge of direct investment by West German companies in the U.S. economy will also help to restore balance. Preoccupation with the current foreign trade deficit ignores the major role that U.S. companies like Ford, the General Motors Opel subsidiary and IBM have long

played in the West German economy.

"Just consider what it would mean if their products had been exported to Germany," Mr.

Porsche Has Learned to Cope With Dollar

AG is an extreme case of a West German company that depends on the U.S. market. It has learned to cope with currency fluctuations.

American sport car enthusiasts have been the main customers since the 1950s. Until the collapse of the Bretton Woods monetary agreement in the early 1970s, the dollar usually fetched close to 4 Deutsche marks, and exchange swings were scarcely a factor in marketine calculations. Price may still be no object in

the U.S. luxury market, but availability of other products has made the currency fluctuations of the past 10 years a competitive factor for Porsche.

During the 1950s, '60s and '70s, Porsche sold, on average, half of all its cars to Americans. Now, that figure has climbed to more than 60 percent.

"Naturally, the dollar rate is vitally important for us," said Manfred Jantke, a Porsche spokesman. "In the fat years, we have earned plenty on exports." But since February 1985, when the dollar touched a high of 3.47 DM, the U.S. currency has lost

close to half its value against the

mark. Porsche will easily sell ev-

ery car it makes this year but it will not earn nearly as much. Maintaining steady production at full capacity in this kind of market calls for a flexible strategy. "There are no tricks," said Mr. Jantke, "and only a few pos-

The most obvious option is a price increase. After holding the line for two years while the dollar was high, the company boosted its prices by about 20 percent last year. Porsche sports cars range from about \$20,000 for the 924 S to around \$50,000 for the top-

The company has also resorted to economy measures, notably by cutting back on investment. During the export boom, Porsche had increased capacity to produce 53,000 sports cars last year compared with 32,000 in 1982.

"We think about 50,000 a year would be ideal," Mr. Jantke said. "We will consolidate here."

A third way to compensate for swings in currency-sensitive exporting is diversification.

Porsche has designed motors for German and Italian car man-

mfacturers. It has also done engineering for tanks and helicopters and has designed cockpits and engines for aircraft. A newly developed Porsche aircraft motor is to go into production this year. The engineering division concentrates on developing automo-

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posal of other companies under contract when business is thin.

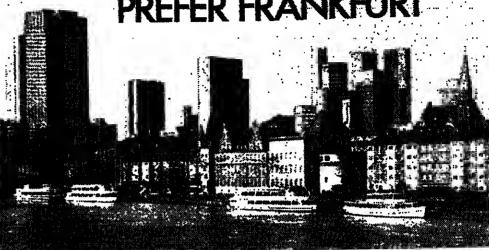
The company still regards the United States as its biggest growth market. Domestic sales have retreated to around 15 percent of production and the rest is exported to Britain, France, Swit-

tive products during boom years and places its capacity at the dishopes to increase sales in Japan hopes to increase sales in Japan from 1,000 to 3,000 cars in the next three or four years, Mr.

Jantke said. Porsche's figures for the first half of this fiscal year further demonstrated the ravages of the dollar-mark rate and stagnating domestic demand. It said turnover sank 6 percent to 1.71 billion DM from the year-earlier 1.82 billion DM. Domestic deliveries declined 39 percent to 3,267 from 5,397. Foreign deliveries were up 5 percent to 22,002, raising the export quota to 87 percent.

Edward Roby





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in Frankfurt are so successful.

Media Firm Starts Expanding Abroad

By Vivian Lewis

UTERSLOH — It was 531 years ago that the first book was printed with movable type, the Bible of Johann Gutenberg. In March 1987, a further breakthrough for German Bible studies was announced at the Hannover Cebit computer fair: a compact disc read-only-memory (CD-ROM) that gives scholars multimedia access to the Martin Luther translation and the Hebrew original, using any key word or phrase, in word, picture and sound.

The CD-ROM Scripture is the product of the German Bible Society and Bertelsmann

Bertelsmann, headquartered in this tiny town famous for its pumpernickel, is a little-known family-controlled group, which used to be in the publishing business but oow rightly calls itself a media concern. From this provincial place is run a multinational group with interests in books and the press, book clubs, records and tapes, electronic media, radio, TV and film, video and software.

Depending on the dollar exchange rate, Bertelsmann ranks among the top three media companies worldwide, and certainly the largest to Gutenberg's homeland, with 1987 expected sales of 10.2 billioo Deutsche marks (\$6.66 billion). Cash flow this year, as last year, is expected to be about 456 million DM. (Net

profit figures are oot published).

Thanks to control of the Bantam and Dell paperback houses, Doubleday Books, RCA music and tapes - the last two acquired in late 1986 — Bertelsmann is ocarly as important in the United States as in West Germany. An indirect U.S. subsidiary, Brown Printing, prints Time and Newsweek. Bertelsmann's U.S. sales overall this year will account for 30 percent of the total, West Germany for 40 percent and the rest of Europe for 28 percent. In the book publishing, book and record club, and music and video businesses, threequarters of the group's sales will be outside West Germany.

In addition to its U.S. iovestments, Bertelsmann has taken a 15 percent stake to Compagnie Luxembourgeoise de Télévision, parent of Radio-Luxembourg, and has a 39 percent interest in RTL-Plus in West Germany.

Bertelsmann's international expansioo is partly motivated by the problem of buying media companies within West Germany. Tight control of takeovers by the West German Car-

Privately owned Bertelsmann avoids public ire.

tel Office has hampered the company's domestic expansion.

The German public is oot buying many

more books. The growth in book-buying since 1982 bas been concentrated on paperbacks (where there is a lot of competition) and oo some types of textbooks. In 1985, the last year for which data exist, West German bookstores sold 13.033 million books, down from 13.857 million in 1984. Export book sales to other countries (notably Switzerland and Austria) dropped more sharply in the same period, and domestic book club turnover fell 6.1 percent.

However, Bertelsmann pushed up its book and record club turnover by 6.9 percent in the year to September 1986 to 1,983 billion DM. making it both the second largest and most successful division of the company (before the U.S. acquisitions). Bertelsmann book and re-cord clubs had 16 million members in 19 countries at the end of last fiscal year, now joined by the largest U.S. juvenile book club.

Magazine publishing in West Germany, as elsewhere, is fighting for a share of a declining market. The result has been a proliferation of new magazines, created in an effort to find a niche in the crowded field. Bertelsmann has been one of the more successful players, with Prima, Flora, Gutes Essen, Geo and Capital magazines (and with Parents and Young Miss in the United States).

Despite the oew titles, however, Gruner & Jahr, Bertelsmann's magazine division, its largest, only chalked up a 3.2 percent sales increase last year to 2.43 billion DM.

Being a private company — cootrolled by Reinhard Mohn, 65, a descendant of Carl Bertelsmann, who founded the firm in 1835 helps give Bertelsmann its special character. The first book Carl Bertelsmann published in Güterslob was a bymnal, and the company retains a powerful position in religious publishing. Privately owned, provincial and religious, these factors give Bertelsmann its

Not having to focus oo bottom-line profitability and annual comparisons, which are simply oot published, enabled Bertelsmann under Mr. Mohn to take strategic positions regardless of the short-term costs. The 1977 acquisition of Bantam Books from sellers in Italy's Agnelli group demonstrated that Bertelsmann could act quickly. When General Electric acquired RCA and was looking for someone to take over

its records and tapes business, Bertelsmann

was ready.
When Gerd Bucerius, publisher of the general-interest magazine Stern, was looking for a way to ensure that his privately owned Gruner & Jahr group would continue to exist, he turned to Gütersloh and arranged a share exchange. With 11 percent of the action, Mr. Bucerius is the only shareholder besides tha Mohn family. The West German Cartel Office refused to allow a complete merger.

Il is because of its private character that Bertelsmann has avoided the kind of public ire that falls on press magnates in other countries. How many Germans are aware that Bertelsmann is the largest magazine publisher in West Germany, controls the Gruner & Jahr magazine group and is the largest shareholder in the

news magazine Der Spiegel?

Bertelsmann owns a 24.9 percent stake in Der Spiegel, which, however, is effectively controlled by staff reporters. Meanwhile, part of the family that cootrols the Burda magazine group picked up the 24.9 percent stake in Springer publications refused to Bertelsmann. These minority cross holdings are the result

of official trust-busting, which has prevented the complete takeover of these newspaper-magazine groups from within the industry. Both Burda and Bertelsmann are essentially apolitical groups, which, while it has oot reas-sured the cartel office, has enabled them to

expand internationally without raising fears of

German cultural imperialism. Burda is breaking up not because of anti-trust action, but because of sibling rivalry. One family branch, F&F Burda KG, which stands for brothers Franz and Frieder, has a 50 percent joint venture in the United States with Meredith and holds the Springer shares. Another branch, brother Hubert's Burda GmbH,

publishes a rival to Stern called Bunte, as well

Engraving depicting a 15th century print shop.

as a host of magazines, including Burda France magazine and patterns. Still another company, Aenne Burda GmhH & Co., belongs to the three brothers and their mother. (It just pulled a world publishing coup, getting permission to issue its fashion and pattern publication, Burda Moden, in the Soviet Union.)

Bertelsmann's owners have drawn the obvious lesson from the Burda fends. Their compaoy is to be turned into a foundation upon the death of Mr. Mohn, although this great-grand-son of the founder has six children.

Control of the company is indirect, given the large oumber of independently managed subsidiaries in 20 countries. But there is a house style all the same. "If divisions publish the wrong sort of books, management makes its-displeasure known," one official said. For example, managers of the firm's video subsidiary were ordered to drop some sexually explicit lines. Perhaps because of company constraints, Bertelsmann music-video is losing market share — last year, sales fell 23 percent.

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A cautious, morally uplifting provincial tone is not always the best way to sell books. Having published Lee Iaccoca's best-seller in the United States, the Bertelsmann group let the opportunity slip and failed to sign up the German edition. A rival is doing very well with it.

In recent weeks, Bertelsmann has made and other acquisition that breaks new ground: a. newspaper called the Hamburger Morgenpost, its first daily. In a city where 80 percent of the press is controlled by the Springer group, the entry of Bertelsmann counts as a challenge.

On Stock Exchange, It Helps to Be Insider or Eccentric Contrarian

of the Frankfurt stock exchange building is being cleaned and remodcled. The working crew may only make noise during hours when the exchange is not working, but their fences are there all day. Luckily, the exchange is open only from 11:30 A.M. to 1:30 P.M., which means that reconstruction can go forward precisely because

trading is so short.

In West German stock exchanges, timing is everything, and it helps to be an insider or an eccentric contrarian.

West German stock market averages, after doing well in 1985, sagged to 1986. The only investors who came out well are those whose currency is oot the Deutsche mark, who bought when the mark was weak and sold when it had strengthened. In dollars, therefore, you would have made 18 percent to West German stock markets in 1986 — but in Deutsche marks you would have lost 10 percent.
These days, buffeted by coocern over Volks-

wagen's foreign-exchange losses, the West German markets are oear their low of 1986-87

(1677.6 on the index, compared to a high of 2278.8). But apart from that accidental factor, the markets were headed downward already.

West German companies are big exporters, beating even the Japanese, As the dollar sinks, most West German banks expect corporate profits to be put under pressure from suddenly cheap U.S. competition. When corporate profits fall, stock market operators are bearish.

To overcome that problem, West German banks are waiting for some other factor to come into play to bolster profitability, such as strong domestic demand from a tax cut or a further cut in interest rates.

Moreover, foreign investors, who account for about 30 percent of the trading, are hardly likely to increase their holdings in West Germany if they listen to German banks: If the mark falls, improving corporate profits, for-eign investors will lose on the currency ex-

In West Germany, it is only through banks that one can buy or sell sbares, as separate brokers do not exist. Riddiger von Rosen, executive vice-chairman of the Association of German Stock Exchanges, explained: "We don't need 'Big Bang' liberalization. In Frankfurt it is 400 years old."

Some West German forecasters, notably the respectable Kiel Institute, expect 3.5 percent growth of output this year. And the Organiza-

Many West German shares are at bargain level. German companies use accounting techniques to persistently understate their earnings. One reason is that West German accounts produced for shareholders have to correspond to those produced for the tax inspectors. One

'We don't need "Big Bang." In Frankfurt it is 400 years old.'

tion for Economic Cooperation and Development does not expect West German trade surpluses to fall below last year's \$25 billion. German tovestors "like to look at fundamentals," according to Berndt Johann of the stock market ocwsletter Platowbrief. But they may be misreading the fundamentals.

cannot report more income to shareholders than one reported to the tax authorities. As a result, write-offs are taken in one single year. Pension liabilities are out accounted for separately and are used to offset reserves created io order to cut taxable tocome. To economize on taxes. West German companies have hidden reserves, often equal to 100 percent of fixed

Companies engaging in a takeover may not put "goodwill" into their balance sheet, so they understate the tocrease in equity that results. Inventories are understated for tax purposes and are oot revalued upward if prices rise lest

Although the situation is changing somewhat, the West German market is still one for "professional investors" and thus differs from the New York, London and Tokyo markets.

Being forced to deal with banks on the exchange floor makes the environment more difficult for West German companies. They are encouraged into further reticence by the fact that the same huge banks trading their

stock are also usually holding their loans. One reason small investors stay out is that West German markets are relatively unregulated. Insider trading, for example, is controlled only by a voluntary code that applies to corporate officers but not to others in the know. The stock exchange has a committee, headed by a retired judge, to punish ahuses with public

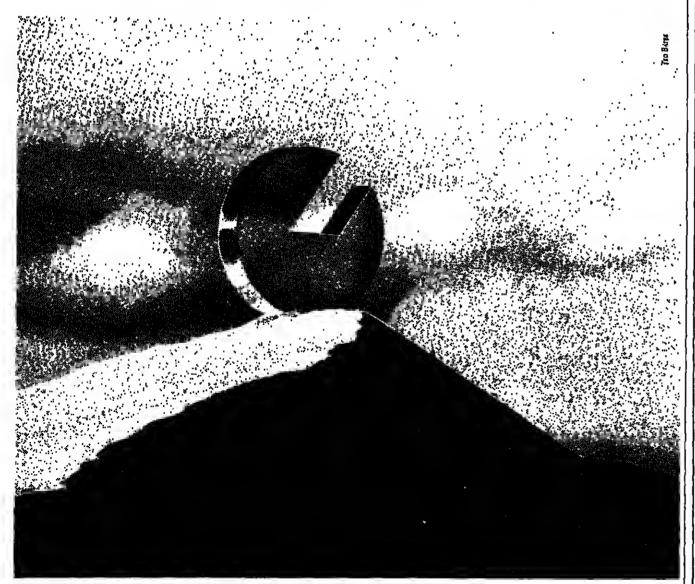
scrutiny and a requirement that the offender repay what he made. But it has no real investigative powers.

West Germany has recently had a wave of new issues, and it will probably pick up after May when a new "second market" is set up on the exchanges. (In addition to official listing, West Germany aiready has an unregulated telephone" market and over-the-counter trading, but the new market will be more official.)

A drain on the eight West German exchanges is the government's inconsistency about removing the turnover tax, kept in the current budget despite promises during the election campaign. The tax raises 750 million DM (\$415 million), according to Mr. Rosen but its effects are costly.

"We are really mad at the government," he said. "We have 250 foreign banks to Frankfurt but ones thinking about coming — like Gold-man Sachs — brought out quite clearly that the turnover tax to Germany counters the attraction of coming here."

Vivian Lewis



From the right vantage point, your vistas extend to even distant markets. Let's look them over together.

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REFINEMENT IS A QUESTION OF STYLE.

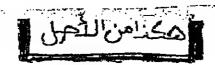
Pleasure quickens the senses. As everyone who appreciates the finer things in life is well aware. Hence your true man of taste secks not so much the fleeting pleasure of the moment as scre-nity and calm composure. Concentration on the essentials, after all, is the hallmark of the connoisseur. Observe if you will the devotée of a distinguished Dannemann cigar or fine Dannemann cigarillo as he scents its aroma, then ceremoniously strikes a match and savours that first satisfying draw. His every gesture spells poise, polish and discernment. Which explains why the man of taste is so admired for his lifestyle. And why we, for our part, have him in mind when racking our choice Dannemann cigars and cigarillos. It's simply our style.



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W. Germans at Top Of Ecology Scale but Plagued by Acid Rain

West Germany is without a doubt ne most environmentally politicized country in Europe.'

By Thomas Netter

ENEVA — When the European Com-mission wrote to all EC members recently assessing compliance with its environmental regulations, West Germany came out as more obedient than Britain, Italy, Belgium, Greece and France, despite its reputation as the ecologically worst off in West-

But West Germany, hardest hit by the Waldsterben, or dying forest syndrome of acid rain, and a victim and perpetrator of pollution of the Rhine River, is at once an example of what is environmentally right and wrong in Europe dur-ing the European Community's "Year of the Environment," which began March 21.

for Europe to take a comprehensive look at its environmental problems. By any standard, 1986 was a bad year, with the Chernobyl nuclear plant disaster, the fire in November at the Sandoz chemical plant in Basel, Switzerland, that badly polluted the Rhine, and, by all accounts, worsening acid rain damage throughout Europe.
..Nowhere have these onslaughts against land,

distribute day

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in the second

ir and water been felt more acutely than in West Ciermany. The rapid expansion of industry, an obsession with heavily polluting, high-speed driving and a romantic notion linking national identity to forests, mountains and the mighty Rhine have made West Germany Europe's most envi-ronmentally conscious nation. It is also the main battlefield in the debate over nuclear power.

- West Germany is without a doubt the most environmentally politicized country in Europe, partly because the Greens political party has had such a success," said Adam Markham, director of Friends of the Earth in London. 'The West German people put ecology very high on their

Mr. Markham and other ecologists attribute Until recently, West Germany enjoyed the type of economic prosperity that virtually climinated

In addition, he said, rapid post-World War II industrialization and economic recovery had ravaged the German landscape to the point where Waldsterben gained prominence as an issue years before it did in the rest of Europe.

"In Germany, the environmental groups tend

to stress more emotion than figures," he said. You find that most of them look at this issue in an emotive way. When people could see Waldsterben cutting into the German soul, the love of forests based oo literature and history, it went right to the center of the national feeling

It is this sort of consciousness that allowed West Germans fearful of radiation damage to let vegetables rot in food stalls long after the Cherno-byl accident.

And it is a lack of this sense of environmental crisis that has so far generally muffled broad national concern over the environment in societies like France, where ecological disaster is still seen widely as someone else's problem.

"The problem of acid rain is for the moment

specifically to the east of France," said Jean-Baptiste Dumont of the World Wildlife Fund-France office in Paris, "The French public is really not so aware of the problem. They understand that something is happening, but they don't

In West Germany, there is a feeling that the rest of Europe is only now beginning to match this sensitivity to the environment, giving the impression that West Germany's situation is far worse than it really is.

"Is Germany the worst in Europe?" mused Rosemarie Oswald, an official of the World Wildlife Fund-Germany in Frankfurt. "Maybe. But I think the problem is that other countries have only lately begun to recognize the problems they

TILL, environmentalists say West Germany as well has been slow in reacting adequately. Speed on the autobahns is still unlimited, spewing excessive nitrogen oxide from exhausts into the environment. And though the Greens gained seats during January's elections, Mr. Markham fears rising unemoyment could diminish concerns over the ecology at a time when such concern should be rising. Groups like the World Wildlife Fund and Friends of the Earth hope that this "Year of the Environment" will help raise Europe's conscious-ness over environmental issues, especially because of what Miss Oswald describes as a sense of weariness or indifference to the issue that may be

"People really are very concerned," she said. "But it's always a problem that they can become easily overburdened with. Acid rain has not changed, but has gotten worse. Unfortunately, some people are fed up with the subject. It's very difficult to repeat this point again and again."

THOMAS NETTER is a journalist based in Gene-



"To grow you always need time." - Joschka Fischer, Greens

"Greatest foreign minister of all times."

On Saturday, May 23rd

<u>Come to Bad Homburg</u>

(Outside Frankfurt), West Germany, for

*THE COUPE GORDON BENNETT The vintage car event of the year, organized by the Automobildub von Deutschland (AvD) and sponsored by the International Herald Tribune as part of its centennial celebrations

of its centennial celebrations. The rally will feature virtage cars from all over Europe and will be held over the same course, through the beautiful Taunus countryside, as the Gordon Bennett Cup race of 1904, when Kaiser Wilhelm II gave the official start

before a crowd of one million enthusiastic fans. It will be a memorable day. So, if you are within striking distance of Frankfurt, be sure to come and bring your family and friends. The official start will be at the Bad Homburg "Kurpark" at 9:00 a.m. and the finish will be in

the afternoon between 2 and 5 p.m. * Jornes Gordon Bennett, Jr., the eccentric millionnoire publisher, founded the European edition of his New York Herold Tribune on
* Jornes Gordon Bennett, Jr., the eccentric millionnoire publisher, founded the European edition of his New York Herold Tribune on
October 4, 1887. He was a letter enthusiastic sportsman: He introduced polo to the United States, he wan the first francalantic york? roos, he was the
founder of outcombile racing and of balloon racing. The Gordon Bennett Cup, which he first offered in 1900 to encourage the infant automobile
founder of outcombile racing and of balloon racing. The Gordon Bennett Cup, which he first offered in 1900 to encourage the infant automobile
industry, was the direct precursor of today's internationale Automobile" in line with Bennett's policy of forbidding use of he own name in
trophy, which was officially known as the "Coupe Internationale Automobile" in line with Bennett's policy of forbidding use of he own name in







For Adidas, Puma, the Real Fight Is Abroad

By Vivian Lewis

ERZOGENAURACH — The sports shoe industry in West Germany used to be able to afford a few huxuries. But in the age of America's

Reebok they may have to retrench.

Based in this quaint Bavarian village a few miles from Nuremberg are two world-class companies making sports shoes, Adidas and Puma. Both are controlled by rival branches of the same Dassler family from opposite sides of the Aurach River.

The family has kept a global feud going between Horst Dassler (Adidas) and his first cousins Armin and Gerd Dassler (Puma), after it had begun between their lathers, the brothers Adolf (Adi) and Rudolf Dassler, who did not speak to each other from 1948 (when Puma was set up) until they died.

Both companies managed to turn a product most people think should be cheap — sneakers -into a world business with high prices. They did this in spite of the strong mark and high

Several factors enabled Adidas and Puma to compete successively all over the globe. Both companies specialized in creating shoes that gave the wearer an edge in practicing a sport, with high-tech innovations, above all in soles, and with an extraordinary proliferation of diflerent shoes for different sports.

It would not do to wear marathon-running

shoes if one was running only 500 meters. Technical advances in weight-reduction and ventilation, cleat-fastening and arch and ankle supports were claimed by both houses.

To give their claims more weight, Adidas and Puma scoured Germany and the world to find stars to wear their products. Given the rivalry between the two clans, the signing up of

Spain's Fernando Romey's size 22 basketball shoes, neither firm manufactures much in Bavaria. Europe accounts for only 20 percent of Puma's production, while Adidas lines are often made in conjunction with the Canadianowned Bata Company, the world's largest maker of shoes, in developing countries.

Both firms have tried to become sports fash-

Competitor Reebok is growing by leaps in the key U.S. market.

revealed in Toni Schumacher's recent book in which he told how he lost his job with Cologne's soccer club for wearing the wrong brand of shoes.

Adi Dassler was in the sports-shoe husiness first, starting in 1920, and created shoes with the lamous striped sides starting in 1935, al-though the Adidas company was only estab-lished after the break with Rudolf in 1948.

Both firms manufacture worldwide, with production plants meeting their high qualitycootrol standards in low-wage areas, notably Southeast Asia. Except for special orders like ion houses by offering coordinated sports clothing, and, in the case of Puma, even sports

But Reebok, with headquarters in Canton, Massachusetts, is growing by leaps and bounds in the key U.S. market, centering its thrust on the West Coast where sports shoes are more popular. Reebok's tactic is playing down the high-tech sports angle and focusing on pure fashion. Reebok sales in 1986 topped \$919 million (compared to \$307 million in 1985) and its profits soared from \$39 million to \$132 million. With its recent takeover of Avia, another U.S. sports-shoe house, Reebok has

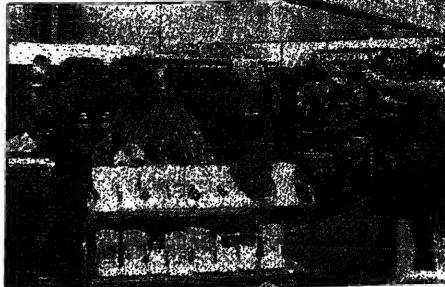
firmed up its lead by adding enough sales to bring it over \$1 billion, as well as more capacity in special sports shoes as well.

The Reebok phenomenon has had a ripple effect in Herzogenaurach, Puma, which publicly issued its shares last July, a month later had to announce a major reshuffle in the U.S. market, whereby it bought out its formerly independent distributors. This year, its founding family had to pour in 62 million Deutsche marks (\$34.4 hillion) in new capital with a subordinated loan. Even more, it has added an outsider. Vinzenz Grothgar, a former banker, to the managing board and has appointed him head of its new U.S. subsidiary in Framingham, Massachusetts. He is oow supervisory board chairman.

The main reason for the move was the drop in Puma's U.S. sales from \$179 million in 1985

to \$100 millioo in 1986. A shareholder suit is being brought against the firm and its lead underwriter, Deutsche Bank, for misrepresenting the state of its books

Over at Adidas, things are probably not much more successful, but because it is a family concern, events are less public. It has laid off 450 workers in Germany and announced that while production under license had stagnated, its own-plant sales had grown by 6 percent to 3.2 billion DM worldwide. Total sales of its label amounted to 4.1 billion DM, level with 1985. It, too, was hurt in U.S.



On the Adidas assembly line: Production reaches 280,000 pairs a day.

sales volume, which fell by 6.9 percent in dollars - and by even more in marks. Adidas, too, absorbed its formerly independent U.S.

Mr. Grothgar insists that what went wrong lor Puma in the United States will not recur now that the firm no longer has independent

They misinterpreted the 1986 trend in the shoe industry, as far as style, as far as price segments go," he said. 'They ordered the

wrong kind of shoes in too large quantities." Over at Adidas, they predict a double-digit

increase in U.S. sales in in 1987. Mr. Grothgar also insists that the Puma concern is financially viable and that it has no oeed of a capital injection by letting in part-oers, like Reebok — or even Adidas.

"Our debt-to-equity ratio is a healthy one-to-one," he said. "Our ner worth is 180 million DM on a balance sheet of 360 million DM. We

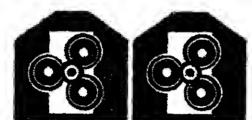
MANNESMANN DEMAC

Machinery, Plant and Systems



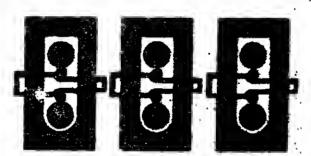
Metallurgical Plant

Integrated plant, blast furnaces, steel mills, continuous casters, electrometallurgical



Pipe Making

Plant and machinery for the production of seamless and welded tubes and pipes. Hydraulic presses.



Rolling Mills

Rolling mills for beams, sections and wire rod; strip and sheet mills, strip processing lines.



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Process Compressors

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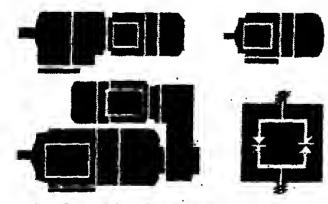
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products.

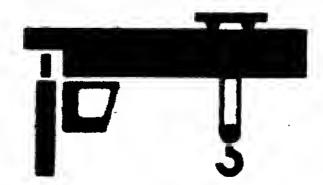
Fed. Rep. of Germany

Centrifugal compressors and positive displacement machines for air and technical gases:



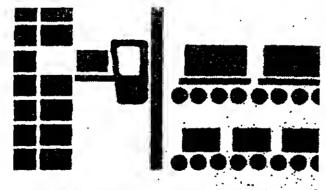
Industrial Drives

Electric drives. control systems.



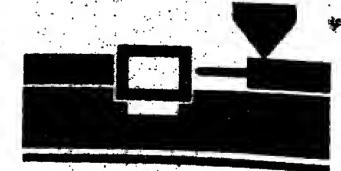
Cranes and Lifting Appliances

Serial lifting equipment, crane components, cranes, electric suspension track systems.



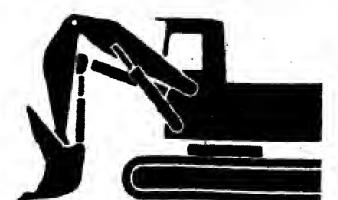
Systems Engineering

Warehouse engineering, warehousing systems, handling and distribution systems, integrated materials handling systems.



Plastics Machinery

Machinery and complete systems for injection moulding.



Construction Equipment

Hydraulic excevators up to 21 m3 bucket capacity, mobile cranes up to 1,600 t, road finishers up to 12.5 m paving width.



Mining Equipment

Shaft winding equipment, tunnelling machines, shaft drills, raise cutter heads, compressed air motors.



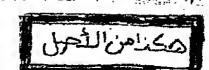
Pneumatic Systems

Compressors, pneumatic tools, equipment and components for the building trade and industry in general.



Bulk Handling

Bucket wheel excavators, reclaimers and belt conveyor systems. container handling systems.



TEESDAY, MARCH 31, 1987

INTERNATIONAL STOCK MARKETS

End of the Brussels Boom May Be Near, Analysts Say

By PETER MAASS

RUSSELS - Nostalgia is a sentiment usually reserved for events in the distant past. But at the Belgian Bourse, a whilf of nostalgia floats in the air as investors brace for a prolonged boom to trail off. The Bourse had a record year in 1986, when the market's current index, which also reflects

dividends, jumped to 4,017.57 from 2,844.73.

Average daily transactions amounted to 1.15 billion Belgian francs (corrently \$30.6 million), swelled by a wave of foreign and domestic investment. Market

"Economic

fundamentals in

Belgium are good

but not that exciting."

capitalization soared to 1.5 trillion francs (about \$40 bil-tion) from 1.1 trillion francs in

That is a modest total by European standards — the Paris Bourse has capitalization of about \$160 billion -but a new high for the Belgian

Bourse. Few investors or analysts disagreed when Banque Bru-exelles Lambert SA, one of Belgium's largest commercial banks, said in its annual review of the Bourse that 1986 was a "quasi-

To the surprise of many analysts, the boom continued into 1987. After a slow month in January, things picked up in February and at the beginning of March the market took off again, with the index rising 7.2 percent in two weeks. Average daily transactions have reached about 1.45 billion francs, a

The rise was attributed to several factors. Foremost was a rush by Belgian taxpayers to beat the deadline of a new savings plan, known as *Pepurgne pension*, that permitted 20,000 francs of stock investments to be deducted from 1986 taxes. Bullish assessments of corporate earnings also came into play.

"Most Belgian companies are reporting higher profits, and that attracts public attention," said Henri Carpentier, spokesman for

ANY financial analysts also point to a drop in Belgian interest rates as another factor fueling the market. "Because the rates went down so much, the investors ran into shares," explained an analyst at Kredietbank, a top Belgian

However, many experts believe the boom will start losing steam soon. After reaching a new high last Wednesday of 4,536.22, the index fell back sharply on Friday to 4,480.61, apparently due to profit taking. On Monday, the market dropped

another 70 points, to close at 4,410.64.

Analysts point out that the market traditionally rises at the beginning of the year, when investors take positions in advance of the April earnings reports. "In the second part of the year prices usually go down or stabilize," noted one analyst. This year is not expected to be an exception.

Analysts also doubt whether the prospects are good for similarly high corporate earnings in 1987. "On that point we are a bit cautious," said Xavier Decleve of Generale de Banque, "We think the 1987 earnings will grow less strongly than in 1986." He added, "Economic fundamentals in Belgium are good but not that

exciting."

Inflation is low, the franc is strong, exports are healthy, but the government deficit remains high despite a rigorous ansterity program adopted by the center-right coalition government of Prime Minister Wilfried Marteus. Mr. Marteus intends to reduce the deficit to 8 percent of gross national product from 11 percent, but it is far from certain that the target will be reached.

il and

More worrisome for the market is a potential breakup in Mr. Martens's government, whose economic policies have been widely praised by the business community. The four-party coalition almost fell apart last year, prompting a steep drop in the Bourse index when Mr. Martens submitted his resignation, which was

The linguistic dispute that almost toppled the government See BRUSSELS, Page 21

Currency Rates

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Murdoch To Buy **Publisher**

Harper Accepts \$65-Share Bid

NEW YORK -- Rupert Mur-doch said Monday that he had agreed to acquire Harper & Row Publishers Inc., the prestigious 170year-old book company, through a \$65-a-share bid totaling about \$284

The bid represented a substantial premium over two previous of-fers, the highest of which was \$50 a share. Harper executives said they were pleased with the agreement and that Harper's board would recommend the offer to shareholders.

Mr. Murdoch, who heads News Corp., an international communi-cations company with interests in newspapers, magazines, hooks, television broadcasting and film distribution, called Harper "one of the great publishing companies of the world."

Analysts have said one of Harper's strengths is its backlist, the older books that sell well year after year. Among the authors it has published are Aldous Huxley, Thornton Wilder, John Cheever

Among its current best-selling general interest titles are "The Search for Signs of Intelligent Life in the Universe" by Jane Wagner and "The Man who Mistook His Wife for a Hat" by Oliver Sachs.
In addition, Harper publishes college textbooks, medical books

and children's books. In the year ended April 30, Harper earned \$7.6 million on revenue of \$201.4 million. For the nine months ended Jan. 31, Harper reported profit of \$4.4 million on

revenue of \$166.1 million. In recent weeks, the company has been exploring its options after receiving two takeover bids and said it had found that "a considerable number" of U.S. and foreign firms were interested in all or part of the company. It publishes general interest, professional and educational books,

Theodore L. Cross, a lawyer and former book publisher, opened the bidding for Harper on March 9 by offering \$34 a share for the company. Mr. Cross owns 6 percent of Harper's nearly 4.4 million shares of common stock. His offer valued the company at \$148 million, and he said he would also assume \$40 million in debt.

Two days later, another publish- ter, Dilson Funaro. er, Harcourt Brace Jovanovich Inc., proposed to buy Harper for \$50 a

Their main complaint is that Mr.
Funaro has failed to announce ei-

Harper's board took no action gram or a clear strategy to deal with on either offer at a March 13 meet the country's foreign creditors. ing, but appointed a committee of which include several major Amerithree independent directors to ex- can banks. plone the company's "strategic al- Even within the government,

Winthrop Knowhon, a former highly critical of Mr. Funaro's re-chief executive officer at Harper cent performance. And some offiwho headed the special panel, said the board was "debighted" that Harper would become part of Mr. Murdoch's operations.

The opportunity for fruitful collaboration with its other book, magazine, newspaper and electron-ic publishing entities are legion,"

Under terms of the agreement, Harper would be merged with Harper Acquisition Inc. a subsid-iary of News America Holdings Inc., which io turn is the principal U.S. subsidiary of News Corp.

If at least 51 percent of Harper's stock is tendered and accepted, Harper would become a subsidiary

lion to News America. It also gave News America an option to buy as ning minister, and numerous key further 60 days, many as 800,000 shares of Harper economic advisers have been restock at \$65 a share.

The transaction is subject to appropriate approvals.

Is 'Coffee, Tea or Me' Coming Back?

Air Attendants Fear Economics Debasing Jobs

By Miriam Rozen New York Times Service NEW YORK — Only days after American Airlines and the Association of Professional Flight Attendants opened contract talks last May, Patt Gibbs, the union president, and Ross Bonanno, a management execu-

tive had a fight. The airline says Ms. Gibbs threw coffee at Mr. Bonanno and then struck him. She says he called her names and walked into her, making her spill the coffee

she was holding. The part played by coffee in the fight was ironic. Flight atten-dants complain that, although airline management pays lip service to them as career professionals to charge of passenger salety and comfort, in fact the penduhim has swing back to an era of shapely "stews" who work cheap and are trained to do little more than ask "Coffee, tea or me?"
In the case of Ms. Gibbs.

American lifted her free flight privileges for 11 days. She filed suit to federal court, charging that the airline resorted to unfair labor practices to oust her from a leadership positioo.

Although recent unioo negoti-

ations revolve around such concrete issues as pay and work rules, union activists say the underlying issue is whether they have a profession, or just jobs.

"Management oever really bought into the idea of this job being a career," argued Susan Bianchi Sand, president of the Association of Flight Atten-dants, which has 23,000 members working for 13 carriers. "Airline managements believe in their bones that a younger, single woman makes a better flight at-

The situation is not cut and dried, though. At last count, 20

By Alan Riding

New York Times Service

ther a domestic stabilization

several ministers are said to be

cials are arguing that it will be difficult to rebuild confidence in

Brazil's economic policies until a

So far, the president has stood by

ic crisis is not as serious as many

business executives and officials

think. Mr. Sarney has also pledged

that the country will maintain eco-

International Monetary Fund.

new linance minister is named.

RIO DE JANEIRO - A month



Striking TWA flight attendants, in skates, on picket line.

percent of flight attendants were male, double the percentage in 1980. Moreover, semale slight attendants have made great strides in the past 15 years. They can now work well into their preg-nancies, they are eligible to be supervising attendants on the planes and their contracts say they can work until they are 60.

But most of that happened in the 1970s, when the "pink revolution" - the light to upgrade jobs that are traditionally held by women — was in its heyday. These days, deregulation has caused such lierce price and cost competition in the airline todustry that social concerns are more fikely to take a back seat to eco-

Last year, average compensatioo for airlioe employees dropped for the first time to history, to \$42,600 from \$43,200 in 1985, according to Airline Economics, a Washington-based todustry research group. Although

Sarney Urged to Fire Finance Chief

flight attendants' average pay never crept above \$33,500 - and certainly had no hope of approaching the average \$103,000 pilots made in 1985 — it still represented major financia! strides for women who had been accustomed to working for half that amount a decade earlier. Indeed, that is the stance that

Carl C. leahn, chairman of Trans World Airlines, takes when he discusses the monthly pay cuts of \$350 to \$584 he asked TWA's flight attendants to take last year, and the strike that still has 4,000 out of work. "Even with the pay cut, they would be makiog a lot more than several of our competitors were offering," he said. Although TWA is doing well now, Mr. Icahn stressed that "at the time our airline was losiog \$200 million."

With more and more airlines trotting out loss figures, econo-

the debt dispute.

See FLIGHT, Page 21

domestic private sector. Recently,

24 business executives from São

Paulo met with Mr. Sarney and

reportedly suggested measures to

ebuild confidence. Many of these

executives are known to favor the replacement of Mr. Funaro, who

Buriness spokesmeo have said

that the absence of a clear govern-

ment policy makes it impossible for them to plan for the future. At the

same time, with inflation running

al 500 percent a year and interest

rates even higher, signs of an eco-

This, in turn, has spawned in

creased labor unrest. A strike of

merchant seamen has slowed traf-

fic in the country's ports for three

weeks, and a strike of most of the

nation's 700,000 bank workers en-

ters its second week Monday.

was absent from the meeting.

Citroën to Close 'Deux Chevaux' Plant in France

By Axel Krause

PARIS - Citroen, the French automobile maker, announced Monday that it would no longer produce its famed deux chevaux car in France. The car, introduced in 1949 as a two-horsepower model, became as symbolic

of France as a pack of Gauloise cigarettes.

Production of the 2-CV will be shifted from the Citroën plant at Levallois near Paris to a plant at Mangualde in northern Portugal. The Levallois plant is being closed.

The decision was based on several factors: stricter pollution controls in Western Europe, high production costs, slumping sales in France and intense foreign

home and abroad. The deux chevaux, which actually evolved into a three-chevaux. is still one of the cheapest cars on the French market 2t 35,900 francs (\$5.900). A direct competitor, the Sovietbuilt Lada, is currently selling at 38.850

competition at

francs. "But be assured we are not announcing

Michelle Boivin, a Citroen spokeswoman."It will be produced else-

where." Citroen is a division of the Peugeot SA automobile group.

Mrs. Boivin said production at the Mangualde plant would probahly be below the current level of 58,000 cars a year. There is iodustry speculation that production there may be gradually cut and eventually balted.

The decision to close the Levallois plant, which was hult in 1893, will involve fieding jobs for many of its 1,090 workers. Some 45 percent of them are from North Africa and will be offered financial incentives to return home, company offi-cials said. The closure, which was expected, is scheduled for the first half of 1988. ward a more flexible position on

Mrs. Boivin confirmed earlier reports that Citroen carned a profit While foreign bankers are exlast year on record sales of 39 hilpressing growing irritation with lion francs, compared to a consoli-Brazil's economic managers, the Sarney administration is coming on sales of 36 billion francs, in grill," under increasing pressure from the

the end of our famous model," said 1985. However, she declined to provide a 1986 figure.

> Pollution controls coming into effect Oct. 1 in Switzerland and Austria, and which may be adopted by other West European countries, played a key role in the move.

Because of the strict emission controls and related factors, we oo longer sell the 2-CV in Sweden, and Denmark may be next," Mrs. Boi-vin said, lo France, sales of the turtle-shaped car fe0 to around 14,000 last year from 26,221 in 1923, while exports rose to around 44,000 from 37,000.

West Germany remains the largest market for the car.

There is considerable reverse snobism connected with the car, which is known here as 'die Ente,' or the duck," said an American journalist based in Frankfurt. "It can be very fashiooable in Germaoy pulling up to a party driving a 2-CV instead of an expensive German car, particularly if it is dated oct loss of 405 million francs, decorated with a fake Rolls-Royce

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Dividend Notice

At the Annual General Meeting held on March 19, 1987 the shareholders decided to pay a dividend of US\$0.05 (five cents) per share, payable on or after April 1, 1987 to shareholders of record on March 20, 1987 and to bolders of bearer shares upon presentation

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after Brazil suspended interest pay-ments on \$67 billion to foreign bank debt, leading bankers, businessmen and politicians here are pressing President José Sarney to replace his powerful linence minis-

disarray, the president asked two economists who recently left the government, Persio Arida and Andre Lara Resende, to prepare a Mr. Funaro and has continued to echo his view that Brazil's economplan to slow inflation and halt a slide into recession. Mr. Funaro's team, however, is said to be drawing up an alternaove plan, reportedly with a two-month deadline to

When Brazil suspended interest many officials expected that the

economic advisers have been recorded as victories for Mr. Funaro.
Nonetheless, with Mr. Sarney
also being blamed for the current

However, in a telex to a 14-bank
advisory committee representing
Brazil's approximately 600 creditors, Mr. Funaro gave no hint that However, in a telex to a 14-bank



nomic growth and accordate a new arrangement with its foreign credi-tors without the involvement of the term commercial debt on Feb. 20, No less significant, by backing government would announce a him in several policy disputes, the plan before \$15 billion io short-president has helped turn Mr. Fun-term credits mature Tuesday. But of News Corp.

are ioto a "super minister." In renow, amid reports that Mr. Funaro
if the transaction is not completed, Harper agreed to pay \$16 million to News America. It also gave

are ioto a "super minister." In renow, amid reports that Mr. Funaro
has been given the two-month
deadline, Brazil has requested that
these credits be maintained for a

Rudolf Wolff Futures Fund Ltd.

has changed its name to

ELDERS FUTURES FUND LTD.

Net Returns 1 January, 1986 to 28 February 1987: 92.8% Bank guarantees of no capital loss provided through several top 100 banks. Minimum term and capital requirements apply.

> For further information, contact: FLDERS FUTURES FUND LTD. P.O. Box 1043 Swiss Bank Building George Town, Grand Cayman Cayman islands



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Company Results

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United States Corning Glass Wk

1987 432.2 31.3 0.70

New IBM PCs Expected To Revise Standards, Shake Up the Industry

BOSTON - International Business Machines Corp. is widely expected to shake up the personal computer industry on Thursday when (presents a new generation of desktop models. The four new computers, likely to be called the Personal System 2 family, seem sure to veer away from the standards for personal computers first set by IBM six years ago.

As a result, the new computers would be harder to copy and less likely to work with software and attachments designed for existing

standards. Some market researchers are already predicting slower growth as customers adjust to

the change.

John McCarthy, a consultant with Forrester
Research Inc., said, "A proprietary IBM PC will cause the PC market's growth to be flat or even negative in 1988 as vendors and users delay purchases to gauge the importance of the new

The four computers are expected to include one low-cost model, two that will resemble IBM's current high-end AT and, most impor-

IBM's current high-end A1 and, most impor-tant, a computer incorporating Intel Corp.'s 80386 microprocessor, the powerhouse chip that is revolutionizing the personal computer. Rumors in the industry are "that it will take \$2 million and 18 months before the machines can be copied." said Michael Murphy, publish-ments the newsletter. California Technology er of the newsletter California Technology

NYSE Highs-Lows Conroll n GTE Corps MONY RESI QuestValCo n TOK Cp

nue and profits or losses, in millions, are in loc currencies unless otherwise indicated INTERNATIONAL

MANAGER
BY SHERRY BUCHANAN.
IN THE IHIT EVERY WEDNESDAY.
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EXECUTIVES WORKING IN THE
INTERNATIONAL MARKETPLACE

U.S. Futures Via The Associated Press

per lb.
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| Sep |
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Currency Options

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London Metals

Moody's ; base 180 : Dec. 31, 1931. p - pretiminary; f - fino! Reuters : base 100 : Sep. 18, 1931. Dow Jones : base 100 : Dec. 31, 1974. **Market Guide**

London S&P 100 Index Options Paris Commodities Commodities 1.278 1.277 1.271 1.290 1.290 1.297 1.302 1.303 1.304 1.297 1.302 1.303 1.304 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.307 1.308 1.308 1.307 1.308 1.308 1.307 1.308 1,274 1,296 1,324 1,347 1,373 1,378 1,424 Mar May Sep Mar May Est. vol.: 0 tots. Ope COFFEE Franch for Mar May Jiy Sep Nov Jon Mar Est. yol.: 1.265 1.252 1.254 1.290 1.275 1.279 1.298 1.271 1.293 1.306 1.291 1.293 1.305 1.305 1.305 1.342 1.326 1.325 1.342 1.350 1.355 1.275 1.240 1.380 1,200 1,233 1,260 1,265 **Dividends** Asian Commodities

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Spot Commodities

> Indian Customs Officials Find Gold Mine in Jeans

The Associated Press NEW DELHI — Customs officials on Saturday seized 14 pairs of jeans with gold zippers sewed into jeans with gold zippers sewed into them in thwarting an attempt to smuggle gold into the country through Bombay airport, the United News of India reported.

The news agency quoted the police as saying that the gold in the zippers was worth about \$38,500. It said a Nepalese with a false Indian passport was arrested with Latieans on arrival from Hong Kong. Private importation of gold is banned in India, making gold worth more than \$600 an ounce here, compared to about \$400 on overseas markets.

here, compared to about \$400 on overseas markets. Certain offerings of securities, financial services or interests in real estate published in this newspaper are not authorized in certain jurisdictions in which the International Herald Tribune is distributed, including the United States of America, and do not constitute offerings of securities services or interests in these jurisdictions. The International Herald Tribune assume no responsibility whattoever for ever above to

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Earnings Nin 1986

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WORLDWIDE

AM

Swedish Match Will Buy Wilkinson

OCKHOLM — Swedish Match AB, the world's leading maker of matches, said Monday that it would buy Wilkinson Sword Group Lid., second-largest in the field, from Allegheny International

Swedish Match's president, Hans Larsson, said the company would pay \$160 million in cash for British-besed Wilkinson Sword. ed a \$166 million loss for the fourth quarter of 1986, said it would now

The official price is \$230 million, but "after settlement of Wilkinson's internal arrangements with Alleghery, the net payment for Swedish Match is around \$160 milfion," the company said. It did not explain these arrangements. With a world market share for

Sword will boost Swedish Match's position on the world market to about 25 percent, Mr. Larsson said. Swedish Match also makes floor coverings and kitchen furnishings.

and data processing group, to 37.5 percent of the voting rights from 28.9 percent. Mr. Larsson said the acquisition would raise Swedish March sales by about 2 billion kronor (\$314.7 Wallenberg Foundation, further consolidated control over one of its million) from the current level of more than 10 billion kronor.

He forecast that Wilkinson would also bring about a net in-crease in Swedish Match's group profits by next year.

Starting in 1988, we will get a positive effect on earnings, that is, a net after the cost of the acquisition." Mr. I according to the acquisition of intent to sell Wikinson Sword and its Parising group. tion," Mr. Larsson said. and its Pacific appliance group. Allegheny International, based Mr. Larsson, the Swedish Match in Pittsburgh, announced on

March 9 that it was being purchased by an affiliate of First Boston Corp. in a \$500 million leverbig market for matches. Allegheny, a maker of consumer Mr. Larsson explained that deand industrial products that reportveloping countries were the fastest

growing market for bousehold matches, with matches used not only for smoking and but also for lighting household fires.

The acquisition will also estab-Wallenberg Foundation lish Swedish Match in Australia. Raises Stake in Ericsson as a major manufacturer of matches, the company said.

In addition to the match business, Mr. Larsson said Swedish Match would acquire an important market position in shaving products. Wilkinson Sword makes the razor blades of the same name; the corporate name is derived from a The move, by the Knut and Alice British enterprise that one actually made swords.

Mr. Larsson also noted that the key firms, analysts said. The foun- acquisition of Wilkinson Sword indation now controls 14.1 percent of cluded a South African match sub-Ericsson's voting rights with 22.3 sidiary that Swedish Match intendpercent held by the group's invest- ed to sell as soon as it was

Woolworth Bids £244 Million for Superdrug Stores

LONDON - Woolworth Holdings PLC said Monday that it would make a £244 million (\$392 million) bid for Superdrug Stores PLC.

The offer would be made on the basis of 17 new Woolworth ordinary shares for every 20 Superdrug shares outstanding, equivalent to 696 pence for each Superdrug share. Woolworth said it had re-

ceived acceptances from the holders of 61 percent of Superdrug shares.
The bid is Woolworth's second attempt in recent months to acquire a retail drugstore

chain. Earlier this year, it nego-tiated a possible bid for Under-

woods PLC, but the talks were brokeo off two weeks ago. Full acceptance of the offer would involve the issue of about 29.8 million new Woolworth shares, or 14 percent of the enlarged share capital. A cash alternative would offer 646 pence

Japan Railways to Begin Conversion to Private Ownership

TOKYO - Japanese National Railways on Tuesday will begin the complex process of converting the 115-year-old debt-ridden network to private ownership.

Six private regional railways three on the main island of Hoashu and one each on the remaining large islands - will take over the passenger service on their share of the country's 20,000 kilometers

lines by a seventh company. Freight services, data transfer, telecommunications and techno-

undetermined period of time. (12,500 miles) of track.

The private owners will face a formidable challenge in justifying services will be leased to the private the government's decision to dena-Uonalize the rail network by getting it out of the red. Japan National

Railroad's long-term debts stand at

independent private companies.

pan Railways Group, and will be

overseen by the government for an

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Mannesmann Moves to Control

DUSSELDORF - Mannes mann AG has reached a series of agreements giving it an indirect majority stake in Fichtel & Sachs AG, a car parts group, Mannesmann said Monday.

Fichtel & Sachs

The takeover is contingent on approval from the Federal Car-tel Office, a Mannesmann spokesman said.

The steel and pipe-making concern is buying 75 percent of the holding company that owns which in turn holds 96.5 percent of Fichtel & Sachs. Mannesmann is also buying a 25.01 percent interest in Fichtel & Sachs from Commerzbank AG and has an option to buy the bank's remaining 10 percent

stake, the company said. In addition, Mannesmann is talking with the state-owned: steel group Salzgitter AG on buying its 24.98 percent stake in Fichtel & Sachs. That would give Mannesmann more than 75 percent of Fichtel & Sachs.

The parts company has annual sales of 2.2 billion Deutsche marks (\$1.21 billion).

Arbed's Earnings Fell 21% in 1986

LAUXEMBOURG - Arbed SA 2nd Monday that profit for 1986 fell 21 percent to 890 million Luxembourg francs (\$23.6 million) from 1985, on an 11 percent drop in

revenue to 57.8 billion francs. The steelmaker said that its board would decide on April 24 whether to pay a dividend. The company has not paid a dividend

Arbed reported that in addition to the general deterioration of the steel market, its competitive position had weakened considerably in the second half of 1986, leading to a 7 percent cut in steel output for the full year to 3.74 million metric tons.

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Suit Calls BP Bid for Standard 'Inadequate'

By Lee A. Daniels

STOCKHOLM — Sweden's

Wallenberg group said Monday il had raised its holding in L.M.

Ericsson, the telecommunications

New York Times Service NEW YORK -1s the "intrinsic value" of the Standard Oil Co. "materially in excess" of \$70 a share? That is one of the questions raised in a suit contending that a buyout offer by the British Petro-

the 45 percent of Standard's stock appraisal results." that it does not own.

leum Co. is "so grossly inadequate fer was a good one and they viewed put the company's value as high as and unfair as to constitute a fraud."

the suit as a routine effort by some \$60 a share.

BASF's Profit Drops 13.5%

cent to 1.97 billion DM.

price declines for petrochemical LUDWIGSHAFEN, West Gerproducts, BASF said. many — BASF AG, the big chemi-cals concern, reported Monday that world group pretax profit had The fall in pretax profit corresponded to the losses on stocks in the oil and gas sector at the begin-ning of 1986, BASF said. fallen 13.5 percent in 1986 to 2.63 In the parent company, BASF billion Deutsche marks (\$1.45 bil-

World group sales dropped to 40.47 billion DM, an 8.8 percent decline from 1985, BASF said.

The company said currency movements, particularly the fall of the dollar, had led to a sharp drop in seles denominated in marks and to price reductions for exports from domestic production.

The oversupply and low prices in world markets for crude oil last rear also produced a sales slide in the oil and gas sector and forced

The suit, by a group of share-holders, was filed in Federal Dis-trict Court in Cleveland just hours

Thomas S. Tracey, of John S.

Thomas S. Tracey, of John S. after the British oil giant an-Herold Inc., an oil appraisal firm, nounced a \$7.4 billion offer to buy called the offer "a fair one by our

Mr. Tracey has valued Standard Several oil analysts said BP's of- at \$45.30 a share. Other analysts

Frederick P. Leuffer Jr., senior oil analysi at Cyrus J. Lawrence Inc., said that the BP offer was well above most of the other offers made for major integrated oil companies during the 1980s.

The shareholders' suit contends that the BP bid was the culmination of a "preconceived plan" set in motion last year during the abrup dismissal of Standard Oil's chief said, pretax profit rose by 3.1 per-officers.

Frank P. Kneuttel, of Pruden-Parent company sales fell 8.5 percent to 18.72 billion DM, but BASF said this decline was baltial-Bache Securities Inc., said that Standard Oil's stock, which closed at midday on Monday at \$70.50, anced out by increased capacity use had risen nearly 60 percent since and price declines in raw materials. BP took a more active role. That The group said it expected business to be satisfactory over the coming months, "At the moment means, he said, that institutional and individual stockholders were less likely to challenge BP's bid. we do not expect any extraordinary

influences such as there were last BP needs approval from owners year," it said. Orders in hand and of 80 percent of the remaining new orders were steady at a high shares to be able to force all share-

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Avis aux Actionnaires Convocation

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et qui aure l'ordre du jour suivant :

Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos su 31 décem-

Recevoir et adopter le rapport du commissaire pour l'exercice clos au 31 décembre 1986.

Recevoir et appronver les comptes annuels arrêtés au 31 décembre 1986.

4. Arrêter la répartition bénéficiaire de la société. Donner quitus anx administrateurs et au con complissement de leur mandat jusqu'an 31 decembre 1986.

Renouveler le mandat des administrateurs et du con saire pour un terme d'un an devant expirer à la prochaine assemblée générale ordinaire des actionnaires.

Les actionnaires nominatifs inscrits an registre des actionnaires à la date de l'assemblée seront autorisés à voter ou à donner procuration en vue du vote.
Les procurations doivent parvenir an siège social an moins 24 heures avant la réunion.

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 30 mars 1987. s formules de procuration sont disponibles sur demande au siège social la société.

Pour le Conseil d'Administra J. PIERSON

ogical research will be handled by about 37.5 trillion yen (\$250 billion

The Japanese National Railways The new railway companies will Liquidation Corp. will oversee the share 11.6 trillion yen of this debt transfers and will be responsible burden. Land and share sales by for discharging a large part of its debts and selling its capital assets. the new companies and the bullet train lease will account for another The new private enterprises will operate under a new name, the Ja-

er faced with paying the bill for the

Japan National Railway's bluecollar unions, which face the loss of 61,000 jobs under denationalization, blame the government for 11.2 trillion yen, according to gov- mismanaging the railroad and sending it deeply into the red.

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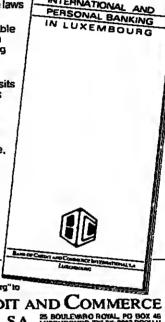
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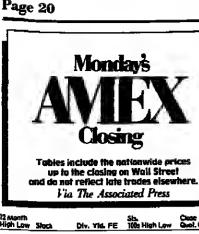
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DOLLAR: Plunges Below 145 Yen to Postwar Low

iden the dollar in favor of othdiajor currencies, dealers said was somewhat irrational." end a dealer for a large West German hank. To us, the reaction by our colleagues in Tokyo does not seem warranted But once panic selling gets started in a particular

market, it is very difficult to stop." The Tokyo rally came on comments by Prime Minister Yasobiro Natasone that six major industrial ized nations had agreed at their meeting in Paris in February to hold the dollar above 150 yen. Ja-pan's finance minister, Kiichi Miyazawa, said all six — Britain, Canada, France, Japan, West Germany and the United States - had ely intervened in the marto try to ensure that outcome.

But central bank intervention was indirective on Monday. The Bank of Japan bought an estimated 27 hillion in a futile effort to slow the dollar's descent, dealers said.

West Germany was also ru-mored to have intervened when the dollar threatened to drop below 180.DM in Europe. But sources close to the Bundesbank said no such action had occurred.

The feeling here is that the move in Tokyo was a bit overdone," said Dan Holland, vice think the dollar is going to stabilize worked."

Broxelles Lambert.

purchases could be offset.

BRUSSELS: End of the Boom?

(Continued from first finance page) the reputation of being one of the

remains unresolved, so investors because it is so narrow. About 5

are still a bit jittery. "Political percent of the listed companies ac-events may exercise a decisive fac-

tor" on the market's 1987 perfor-mance, noted the review by Banque xelles Lambert. Petrosina, the larg-

shelter plan begun in 1982, known the market capital.
as the Loi Monory, expires this

Another calming

Furthermore, a five-year tax- counts on its own for 12 percent of

year, and many analysts fear that Bourse is the fact that transactions

stock investments made under the of more than 10 million francs can

plan in 1982 may be sold off this be conducted outside of the market

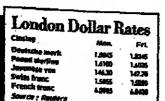
year. Such an eventual sell-off and oeed not be reported to Bourse

usplid not sink the market, the ana- authorities. Many analysis believe

Mets say, but much of the gains that at least half of the country's

sitributed to the epargne pension share transactions are conducted

Overall, the Belgian Bourse has brokers' fees and state taxes.



and then move higher for a few days."

The dollar has become the U.S. and to ease access to the Japanese market for U.S. companies.

Japan agreed in Paris to move to redress those issues.

U.S. Treasury secretary, James A. at least in dollar terms. On Friday Baker 3d, and other officials Tokyo announced that its trade showed frastration at the lack of surplus, on its broadest measure, progress. Mr. Baker said no target had been set in Paris for the dollar against other major currencies, That remark sent the dollar turnbling, while the yen soured.

"The dollar was used as a weapon, particularly last Thursday and Friday, when the Fed didn't intervene to support it," Mr. Holland said. "I think the administration president of foreign exchange at wanted to provoke some reaction by Japan's trade officials, and it

steadier markets in Europe, if only

est company listed on the Bourse,

Another calming factor for the

outside of the market, to save on

That reaction, dealers said, came

Sunday when Tokyo newspapers said that the government planned to buy several U.S. supercomputers. Japanese officials also said last week that a package to raise domestic demand would be ready in early April. The package had

been promised at the Paris gathering, but there had been few signs that Mr. Nakasone's government was giving it top priority.

The United States is grappling government's primary weapon in with a huge trade deficit, which its dispute with Japan over trade totaled \$169.8 billion in 1986, and imbalances. The Resgan administ the administration's efforts to retration has been pushing the Japa-duce it have centered on lowering nese government for months to the dollar's value against other curstimulate its domestic economy rencies. This makes American goods less expensive on the world market, while raising the price of

imports to the American buyers. Despite the dollar's fall, Japan's But statements last week by the trade imbalance has not improved, widened 49 percent in February from January, to \$7.38 billion.

In London, the dollar fell to 1.8045 DM, down 2 plennigs from 1.8245 DM on Friday. The pound rose to \$1.6100 from \$1.6035. In other European trading, the

dollar was fixed at 1.8063 DM in Frankfurt, down from 1.8231 on Friday, and st 6.0140 Freneb francs, down from 6.0640. In Zurich, the dollar closed at 1.5042 Swiss francs, down from 1,5185.

U.S. Home Sales Fell in February

WASHINGTON - Sales of new homes fell for the second consecutive month in February, declining by 2.7 percent, the government reported Monday. The Commerce Department

said new single-family homes were sold at a seasonally adjusted annual rate of 680,000 units in February after an 8.6 percent decline in January.

The decline was accompanied by a drop in the median price - the point at which half the homes cost more and the rest cost less - which fell 3.6 percent to \$96,300.

JAPAN:

Resentment of U.S.

(Continued from Page 1) scending attitude of Americans to-

ward the country. And Mr. Nukazawa cited an American study that estimated that eliminating all barriers to the Japanese market would increase U.S. exports to Japan by between \$5 billion and \$8 billion — just about one-tenth of the trade imbalance.

In any event, the United States. with its protection of textiles, steel. automobiles, machine tools and agricultural products, is hardly an unemished free-trader, said Makoto Kuroda, vice president for international affairs in the Ministry of International Trade and Industry.

"Every country has something to protect," Mr. Kuroda said. "And we are ready to take away those 'somethings' if it is reasonable."

He and others say that trends already taking root will help trim Japan's trade surplus eventually. Foremost among such trends is the rapid appreciation of the yen, hich is producing changes in trade ligures that mort Americans do not notice because the trade figures are reported to them in dolars rather than yen.

Mr. Kuroda noted that the value f last year's exports to the United States, measured in dollars, rose 23.3 percent but, measured in yen, dropped 13 percent.

Koji Watanabe, director general of the Foreign Ministry's Economic Affairs Bureau, contends that Japan's economy is already moving away from its tradicional reliance on exports for growth.

In the fiscal year ending Tuesday, the Economie Planning Agency estimates, Japan's gross national product has increased 3 percent, with domestie demand responsible for most of the gain. Exports actu-ally fell about 1.3 percent, while domestic demand grew about 4.2 percent, according to the agency. GNP is the total value of goods and services produced by an economy.

These shifts have been set off by the rise of the yen. Since September 1985, exporters would have had to increase dollar prices by more than 60 percent to receive the same amount in yen. But Japanese companies have kept prices as low as possible to retain market share, and corporate profits have fallen.

TRADE: For Many in U.S., Japan Presents Textbook Case of Unfair Practices (Continued from Page 1) And penetration of the Japanese mittee's trade bill accusing Japan mobile parts, with the 1981 ship market by U.S. goods has not in of "conducting adversarial trade."

ments alone to be \$300 million. But creased despite repeated "action since 1980, purchases have totaled plans" of the Japanese government

only \$200 million, according to aimed at buying more from abroad Representative Nancy L. Johnson, a Connecticut Republican. Japan is also viewed as having a policy of using nontariff barriers to

discourage supercomputer, semi-conductor, telecommunications and other high-technology imports, while giving these industries special credits and tax incenoves. Eventually, the products are sent to world markets to challenge U.S. technological leadership. Japan is also seen as ignoring its

responsibilities to developing coun-tries by shutting out their manufac-tured goods, which then go to the United States. Figures from the General Agreement on Tariffs and Frade show that in 1979 Japan took I percent of Third World manufactured exports, and the United States 45 percent. In 1985, the proportions were 7 percent and 62 per-

year, despite the 50 percent appreciation of the yen, Sara Johnson, GATT signatories are entitled." trade analyst for Data Resources

This year, many agree, Congress may make Japan a target. The administration acted on semiconductors after both houses unanimously backed a resolution calling on President Ronald Reagan to take punitive measures because of violations of the agreement.

Senator Bob Packwood of Oregon, the ranking Republican on the committee, suggests that the provi-

and raising domestic consumption, sion directs the Reagan administra-Meanwhile, the U.S. merchan- tion to file a comprehensive case disc-trade deficit with Japan grows, against Japan under Article 23 of Last year, the deficit widened by 20 the GATT, charging that the patpercent, to \$58 billion, one-third of term of Japanese trading practices, the overall U.S. trade deficit. This in the senator's words, "broadly impairs the benefits to which

The GATT article states that, if Inc., a forecasting service, projects the actions of any of the 93 signatoa deficit of "about the same as last ries deny trade advantages to others, the injured parties have the right to compensation.

Administration officials view such action as excessively strong. But frustration is rising on Capi-

tol Hill and in the administration. Senator Danforth says: "You negotiate down one barrier and, as soon as you have gotten that out of More than half the members of the way, you find five more have the Senate are co-sponsors of a pro- cropped up to take its place. So you they needed to recover their huge

you get rid of that barrier, then you have got five more. And it is just

The trade battles with Tokyo used to be fought over baseball bats, vitamin E cream, beef, citrus, rice, leather, tobacco and other consumer products excluded by rigid quotas or more ingeniously

Now the conflicts involve semicooductors, supercomputers and telecommunications. The reason for the deepening resentment in the U.S. government and in business is that these industries, representing the cutting edge of American technology, are directly challenged by their inability to penetrate the Japanese market.

Professor David B. Yoffie of the Harvard Business School said that exclusion from the Japanese market meant that American industries were denied the sales volume that vision in the Senate Finance Com- start a whole new proceeding, and research and development costs.

attendants to make room for the

new. The Future Aviation Profes-

sionals group says that scheduled

airlines last year alone hired 16,000

Moreover, airline managers note

that in most industries new people

coming into entry-level jobs are

younger than the veterans, and

work for less. "The old pro knows

what to expect and the rookie has

more energy," said Lowell Duncan, an American Airlines spokesman.

Few airline managers put any

stock in the union insistence that

inexperienced flight strendants

But the unions, insisting on the

point say that most airlines have

shunned their efforts to get the U.S.

government to test and certify

flight attendants. With certifica-

tion, the unions contend, the air-

lines could upgrade safety training

programs that teach flight atten-

dants bow to handle in-flight emer-

gencies such as hijackings, turbu-

lence, decompressions and sudden

We need both types."

present a safety bazard.

flight attendants.

FLIGHT: Attendants Fear Economics May Resurrect 'Coffee, Tea or Me' Era

(Continued from first finance page) sociologists have taken a keen in-terest in the arguments from both dants down to 32; it was 36 in 1983. attendants to make room for the mists say, there is unlikely to be

much of a gravy train for any airline employee any longer.
Of course, not all flight atten-

dants are looking for a career. For some, the job represents a free ocket to exotie places. For others, it offers the kind of flexibility that enables them to go to school or

pursue hobbies. But the union leaders insist that adventurers and dilettantes have no place in the flight attendant's world. What is needed, they say, is more people like Ulrike Derickson, a TWA flight strendant in her mid-40s who helped deliberate with hijackers on a jet that was commandeered to Beirui in 1985, "Younger flight attendants would have been bandicapped by inexperience," said Patricia Stevens, a spokeswoman for the TWA flight attendants' unions. Not so, counters service job, and people of any age

can do it." he said. Precisely because it is a service job — and because, in many ways, information agency in Atlanta, At it strikes at the beart of current women's issues — economists and the spate of new hirings has

sides. They say that, in years to New hires at nearly all of the come, trained female employees in airlines have come on board under service jobs will increasingly domi- dramatically lower pay schedules. nate the employment landscape. Typically, entry-level flight atten-And, they say, the flight otten-dants are paid \$12,000 a year, and dants' unions, as strong unions led only get raises for five years. After

'Management never really bought into the idea of this job being a career.'

— Susan Bianchi Sand

12 Month
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hy women, may be the pioneers of that, they reach the pay ceiling the labor movement of the 1980s. and, most probably, leave.

Right now, the airline unionists are most upset about the inflow of young workers that, they say, has made management believe it can, will quit if her salary remains below with impunity, bold salaries low, Across the industry, the average William Hoar. TWA's vice presi-dent of industrial relations: "It is a and holds a combination of four years of college or work experience, according to the Future Aviation Professionals of America, a career

154 13 134 - 16
454 414 424 - 34
134 13 134 - 16
71 48 494 - 24
214 254 2112 - 12
94 578 9
284 257 18 -2

head of Association of Flight Attendants

"It's not like I'd be giving up a whole lot," explained one 28-yearold flight attendant, who says she

\$18,000 for long. "If I were making \$35,000, it might be different." The unions say this is the kind of reaction that management wants. That is one reason the unions are trying to get rid of the two-tier pay scale that they themselves negotiated in the early 1980s to svoid pay

evacuations cuts for veteran workers.

But most of the airlines note that Investment Dealers' Digest. Miriam Rozen is a reporter at



Via The Associated Press

在一个时间,一个时间,我们就是一个时间,我们就是一个时间,我们们也没有一个时间,我们就是这一个时间,我们就是这一个一个时间,我们就是这一个时间,我们就是我们就是我们就是我们就是

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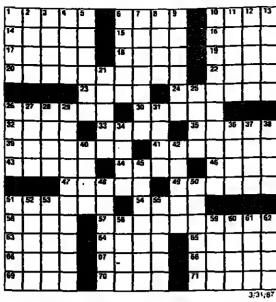
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ACROSS 1 Checks 8 Johnny Irom

Ark. 10 Heavy, clang 14 One more time 15 Ancient Greek city 16 Soon

17 Grayish-white mineral 18 Family 19 Actor Holliday 20 At close quarters

22 Noun suffix 23 Politician Long 24 Ignores 26 Perfumed pad 30 Actress Burstyn 32 ---- breve 33 Extinct bird

35 Apportion equaliy
39 One with a powerful voice 41 Feral 43 Cowboy's 'Hello!'

44 "Como usted?" 46 Number of inches in a span 47 Type of potato 49 Abrupt

51 South American plains

10 Assume responsibility

DENNIS THE MENACE

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11 Upright 12 — word

13 What believers 21 Excel – we forget

26 Cummerbund 27 Clef or horn preceder 28 Skein 29 Closely associated

31 Boor 34 Some natural resources 36 During 37 Descartes or

Coty 38 British statesman 40 Novice 42 Like the sound of French

vowels 45 Norma or Moira 48 Line on a weather map 50 Let go

51 Reluctant 52 Santa — (fir of Calif.) 53 Affect 55 Andes animal 58 Zola novel 59 Mimk - Valley, Calif.

61 Type of race 62 Embattled city in July 1944

O New York Times, edited by Eugene Maleska.

'I think she's what they call a unwed mother."

JUMBILE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

WHAT MANY A PUBLIC SPEAKER DEVOTES

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AUZER

PAWMS

FUALED

YAPNOC

PEANUTS THIS IS MY DAYTIME IS 50 NIGHTTIME 15 50 YES, MA'AM YOU CAN LIE IN BED REPORT ON DAYTIME YOU CAN SEE WHERE YOU'RE GOING .. AND WORRY. AND NIGHTTIME

BLONDIE HAVE A CHILD SELLING IT IT'S SO SMPLE, A CHILD CAN OPERATE IT

BEETLE BAILEY SGT. LOUISE LUGG. HOW MUCH MORE FRONT AND CENTER DO YOU WANT ME? FRONT AND CENTER!

ANDY CAPP © 1967 Daily Mirror Newspapers, Ltd Disk by North America Symbotic Inc.





REX MORGAN MR. DICKEY--JOANIE DID
TELL ME THAT HER MOTHER
WON'T BE BACK UNTIL TO-JOANIE, DR. MORGAN IS WAITING FOR US IN THE CAR! PLEASE, TELL HIM THAT I'M ON THE PHONE AND WILL BE OUT AFTER I TALK TO AR. DICKEY! DOES ELLEN KNOW YOU'LL STAY OVER? I'M PLANNING ON STAYING HERE OVER-NIGHT AFTER WE COME DINNER!



BOOKS

MANHATTAN '45

By Jan Morris. Illustrated. 273 pages. \$17.95. Oxford University Press, 200 Madison Avenue, New York, N. Y. 10016.

Reviewed by Michiko Kakutani

MANHATTAN in the year 1945: One sees the city in grainy black-and-white pho-tographs, a city of elegant spires and skyscrap-ers, sleek, shiny cars and smartly dressed couples. The war has just ended, and all the gaiety, hope and confidence of the United States is mirrored in the hustle and bustle of this glitter ing metropolis — a city, as Jan Morris observes, that stood uncontestably, at that moment, as "the head, the brain, the essence of America."

It's a wonderful idea for a book — a retro-spective look at New York. And while the year 1945 seems, at first, a little arbitrary, the reasons for Morris's choice soon become clear. The year marked not only the end of the war, but also the beginning of a new era of American connipotence. The deprivations of the Depression and the war lay in the past; the disillu-sionments of the assassinations, Vietnam and Watergate were in a distant future. For a shining moment, everything seemed possible.

"The moment of grace soon passed — it lasted no more than a few years, and by the mid-1950s was fast becoming hardly more than a regretful memory," Mouris writes, "New York was never to lose its excitement, its power to be the proper party but never extends." to move, its limitless energy; but never again, perhaps, would it possess the particular mix-

Solution to Previous Puzzle

TRIM CATALOGUER
AMASSED UNITES
HUM BERG STE
RADAR ASKED
ALICE ETTE OBOE

ture of innocence and sophistication, romance and formality, generosity and self-arms which seems to have characterized it in the moments of triumph."
There are moments in "Manhattan

when the author's breathless prose and un-abashed nostalgia for old New York result in a sentimental whitewashing of reality: Racial tensions, immigration quotas and poverty are all shrugged off as matters properly belonging to a later day; and we are expected, instead, to believe in a "comradeship which, especially in moments of particular amusement, relief or difficulty, bound New Yorkers together." Still, Morris points out that her book aims less to give us a thorough analysis of the city than to brate one of its former incarnations; and in that capacity, it surely succeeds.

Morris has a gift for capturing the mood, the feel, the specific emotional gravity of a particular place; and in these pages, she manages to conjure up the ambience of that vanished erails and in doing so, to also feed us an enormous amount of information and facts.

We learn, for instance, that zoning laws decreeing that "buildings above a certain height must recede from the vertical to leave more open sky" resulted in "the ziggurat form which was so characteristic of Manhattan in 1945." We learn that when a B-25 bomber flew 1945." We learn that when a B-25 bomber Hew into the 80th floor of the Empire State Building, a stenographer fell 76 floors in an elevator, and survived. A Gallup poll reported that 90 percent of all New Yorkers considered themselves happy in 1945, and foreigners visiting the city, Morris adds, frequently remarked upon the good manners of the natives. In those processing the second of the second control of the seco pre-expense account days, she writes, "experienced headwaiters could tell almost to a shrimp cocktail how much a customer way worth," and the social pecking order noted no. only the possession of a box at the Metropolitan Opera, but the location of that box ("the ones on the south side being the more desirable") as well.

She leaves us with various mental images of New York: New York as "the town of all New York: New York as "the town of all towns," the new world capital of commerce and art; "the City of the Future," a marvel of technology and invention; New York as the "Wonder City," the place where nothing is impossible — in short, New York as "the most hopeful city on earth," "the most demanding, the most tolerant" and "the most competitive."

None of these epithets is original, none tells us anything we didn't know before. The charm of this book, however, lies not in any single observation or description, but in Morris' affectionate orchestration of the familiar,

SALK DATED VIVA
HILL AGES PETER
ELMER ITERS
CCS AIRY NEA
ARCADE LESIONS
SEALINGWAX LION
APPLE AINU ELSE Michiko Kolonani is on the staff of The New York Times.

CHESS

By Robert Byrne

THE 62d running of the tection of his center with A Hastings International 19. . Q-R1, Larsen shifted the Tournament in England saw scene of battle to the kingside four grandmasters tie for first with 20 P-KR4, P-R3; 21 Q-place — Murray Chandler and B5!

ly against him.

threat of 26 N-R51; B-K2; 27 P-On 8 PxP, supposedly safest Q5.

for Black is the recapture with 8. NxP, which led, after 9 N-B3, B-B3; 10 Q-B1, P-QN3; 11 exchange sacrifice with NxN, PxN; 12 P-Q4, NxP; 13 25. R-B4, the point being NxN, PxN; 14 Q-Q2, B-R3; 15 KR-K1, R-K1; 16 QBxP, RxP, black queenside pawns will to equality in the Adamski-Filip game in Stockholm 1975.

However, Larsen may have had an improvement or else sen's attack with 27 R-Q7. R-

However, Larsen may have oned without the force of Larhad an improvement or else sen's attack with 27 R-Q7, R-known that Large prefers KB1; 28 R1/-Q1! One wicked point was that 28. BxP? was to be smashed by 29 N-N61, that Large played a year ago in PxN: 30 RxPch!, KxR; 31 R-known that Large played a year ago in PxN:

Just as soon as Large had arranged for comfortable pro-

Jonathan Speciman of Britain.

Bent Larsen of Denmark and Smbat Lputian of the Soviet that on 22 PxP, PxP; 23 N-K1, Union, Each finished with 8-5.

In Larsen's game with Peter with 24. P-QN4, because 25 Large of Britain, the Dane QxP?, R-N2 costs White a bishturned his opponent's challeng-ing exchange sacrifice incisive-B4!, there was a wornsome threat of 26 N-R5!, B-K2, 27 P-

White force mate with 31 R-After 30. R-B1, Largen landed an annihilating blow with 32 R/1-Q7! Because there

was no recourse against 33 RxPch!, BxR; 34 Q-B7ch fol-



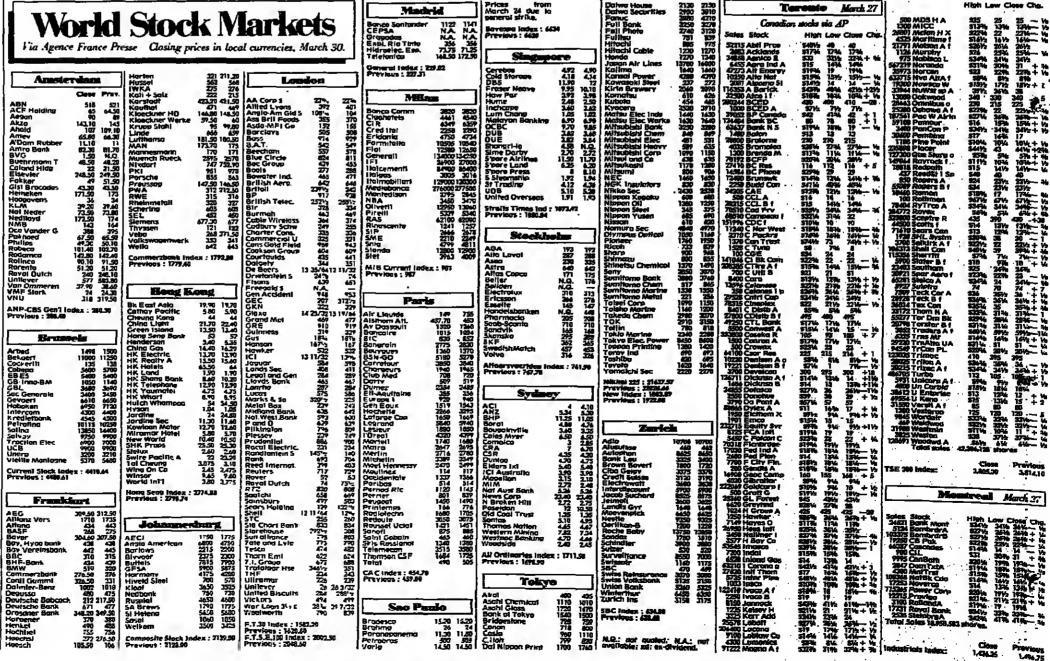
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ariji :

\$ ± +

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon. Jumbles: BLOOD SHAKY CAVORT GLOOMY He won the biggest bet at the greyhound race because he had this—A "HOT" DOG WEATHER N1GN LOW C F C F 25 95 25 77 6 4J 3 36 26 70 21 70 30 86 19 66 4 4J 4 4 27 84 24 28 82 31 70 16 41 13 55 <u>ASIA</u> EUROPE Louistan | | | 10 64 10 000 0 ft of the ft of the first o Bangkok Belling Hong Kong Manija New Delhi Sasul Shanghal Shanghal Shanghal Tolkya Tolkya AFRICA Aleiers Cape Town Cotablence Harare Logos Nairobi Tunis 13 55 6 43 cl 16 64 13 55 lr 17 43 8 46 lr 28 62 24 75 st 14 57 6 43 cl NORTH AMERICA Ancherase Affunta Besten Chicase Deriver Deriver Honelelo Housten Las Angele Miami Affuntacal Mantracal Mantracal Mantracal Mantracal Mantracal Tareata Wathingha Overcasi;

TUESDAY'S FORECAST—CHANNEL: Pough, FRANKFURT: Portiv cloudy, 1 cmp. 8—0 14.—22) LONDON: Roin, Termo 11—2 152—30) MAORID: Feir. Terms. 12—153—441, BEW YORK; Roin, Termo 12—4 154—341, PARIS: Terms. 12—6 16.—68—30; ROME: Cloudy, Terms 12—4 154—391, FEL Cloudy, 1 cmp. 12—4 154—391, FEL Cloudy, 1 cmp. 15—154—164—391, NORG KORGE: Foir, Termo 15—2 193—711, SEQUE; MISI, Termo 8—5 164—183; SINGAPPRE: Thunderstorms. Termo, 27—26 191—291, TOKYO: Roin, Termo 17—7 (63—45).



Sandy Lyle, acknowledging applause after winning with a per-saving putt on the third extra hole.

Lyle Wins TPC Golf in Playoff

By Thomas Boswell PONTE VEDRA, Florida riory Sunday in the Tournament Lyle chipped a bit too long, but Players Championship, he will re. Slaman chipped even more poorly member a fantasy chip shot - his hands only inches above the club-

ter) putt to save par on the third off him." extra hole, which won him
180,000 and a 10-year exemption
1918 Mark to to play the PGA tour.

All Sluman will remember is the many, many years." one who got away. He'll remember the jerk who dove into the water Isles finest player and a wealthy beside the 17th green, taking a col- star on the European tour, it was lege-kid dare and creating a long one of the finest days of a stellar ugly splashing scene, just as the career but hardly cause to hypermicelebrated Sluman was ready to ventilate. Asked the difference be- couldn't get away from him." that the most important shot of his tween this victory and his triumph career. Distracted and upset, Sin. in the 1985 British Open, he made man missed the six-foot birdie putt - all Britain proud by saying, without that would have ended the tourna- hesitation, "About 120 years. In ment on the second playoff hole. 100 years, I'm sure this tournament To make matters worse. Shunan will have that stature, too." will know that the kid who dis- Lyle was always steady, often turbed his peace escaped from se-courageous and a bit lucky as his 67-

into the crowd. tour event. "I was ready to pull the lip all day. trigger. I'm not saying I'd have made the patt, but I'm amazed somebody would jump in the water." After that disappointment, Siu-one of the toughest holes on earth

"EASTERN CONFERENCE

LOUISIANA TECH

285 16-45 13-23 36

SCOREBOARD

Basketball

National Basketball Association Standings

53 19 .736 — 39 35 .549 13Vz 36 34 .514 14 2) 50 .296 31Vs

.447 .549 .514 .431

pál

third playoff bole). Both barely When Sandy Lyle recalls his vic- missed the green to the back right.

- 10 feet short. "Chipping is the weakest part of head as he stood in a steep pot my game," said Shuman. "It sure bunker — that smacked the flag. showed today. After his chip at 18, stick and dove into the hole for a 1 should have made sure I got inside him - maybe even putt it up He'll also daydream about a long the bank to three or four feet. point for birdie on the 72d hole that Would have been easy," said Shiput him into a playoff with Jeff man, "But I hit my wedge into the Simman. Most of all, he'll relish the bank, which killed it. That put the memory of a seven-foot (2.13-me- pressure back on me and took it all

bly the best putt I've made for

For Scotsman Lyle, the British

carriy guards and slithered away 71-66-70-274 total tied the Tourna-"It's one of those you'll-never. Calvin Peete in 1985. He and Su-mow [situations]," said the disconman (a closing 69) gained ground

All four men were tied for the lead with two holes to play: Lyle and for himself."
Sluman birdied the marderous 18th If the culp

man went slack. Both he and Lyle - before O'Mears finished with a drove into the 18th fairway (the par and Simpson with a bogey that dropped him into a fourth-place tie with Greg Norman.

Lyle had little doubt which shot really won the day for him. At the 15th, he trailed three men and "seemed about to make bogey." Although he was barely 15 feet from the hole, his brutal chip seemed certain to run at least that far past the cup - if, that is, Lyle got it out of the spinach at all.

"I was thinking, 'I could be here for ages,' "he said. "My feet were a foot and a half below the ball. My hands were on the shaft no more than 10 inches from the clubhead. The toe of the club was almost straight up. If it hadn't hit the stick smack in the middle, it goes seven to 10 feet past." ..

Instead of a bogey and a hopeless deficit. Lyle was suddenly in the lead. Sluman also birdied the 15th and, as Lyle said, from there on "he

except for that interloper's childish piece of arrogance beside the second average. playoff hole. According to witnesscost him more than that.

"T'll do whatever I can to catch For Syracuse, that meant trying If the culprit is lucky, the police picks for each other.

will find him before Shunan does.

NHL Standings

The Final Two's Final Step

the ingredients for a classic basket- tough-minded and tough physicalball confrontation.

Unlike the semifinal game Saturday between Indiana and Nevada-Las Vegas, the tensions that make for drama — contrasting styles, clashing systems, the first meeting between two coaching masters -

But the final promised to be ex- player. plosive, Indiana and Syracuse are strikingly similar, and the final was likely to have more strategical nuances than either team's semifinal game.
"I think Indiana is similar to

St. John's in our league," said Coa-ch Jim Boeheim, whose Syracuse team finished in a three-way tie with Georgetown and Pitt for first place in the Big East Conference this season.

"They are an excellent defensive team, they let you come to them," Bocheim said. "You have to execute well in the half-court offense. You're not going to get transition baskets. We have to execute well in the half-court game, and that is a large order."

in a game that matched teams from the Big Ten and the Big East Conferences for the first time in a oational championship, Indiana was favored over a Syracuse team that not many knew or appreciated until last week, when the Orange upset North Carolina.

What fans saw then and what they might have seen Monday night was one of the most wellrounded, explosive teams in the country. But whether the Orange would be able to play consistently enough to stay close early or have the mental toughness to win was a question mark.

You have to have three things to be able to play well on offense," said Bobby Knight, the Indiana coach. "You have to be able play inside, get the ball inside, and do some things well on the perimeter. They do all three things. Defensively they are a very aggressive team that can come at you in a couple of

different ways."

The Oraoge, using a molti-pronged attack on offense, have averaged 83 points a game this season while holding opponents to 72.7 points and 43.1 percent shooting. Indiana has averaged 82.3 points

during the season and 92.2 in the stuck to me like muck to a shovel. I tournament. The Hoosiers, playing basic man-to-man defense, have Lyle might not have escaped at all held opponents to 70.9 points per game and a 45 percent shooting

Indiana and Syracuse faced simies, the perpetrator was egged into lar problems Monday night — his dive by fraternity brothers on a stopping a bruising inside attack \$250 dare. In the long run, it may and controling one of the opposition's backcourt players.

ment Players Club record set by him and make an example of him," to stop Steve Alford, Indiana's 6said PGA four Commissioner foot-2(1,88-meter) guard who excels Deane Beman, who had a photo to in coming off of picks and screens. Inow [situations]," said the disconsplate 5-foot-7, 140-pound (63.5-kifrom the rear as third-round leaders
[from the rear as third-round leade has no respect for anything or any-body and, I'm sure, has no respect — Rick Calloway, Daryl Thomas and Dean Garrett - set effective

"Nobody we play screens as well

By William C. Rhoden
New York Times Service

as Indiana does," said Bocheim. heim said. "We try not to go to one
"Alford does a better job of reading or two guys. We've always been NEW ORLEANS - At first the screen than any other player, balanced at Syracuse, and I think glance, the national championship They just make such a conscious

> ly to play him." The task of guarding him would fall to one of three people. The candidates are Sherman Douglas. the sophomore point guard; Greg Monroe, the senior guard; or How-ard Triche, the 6-5 senior swingman and the team's best defensive

"It's going to be tough because Alford runs off a lot of picks and screens." Douglas said. "It will be the team's responsibility to push him and and make him earn his shots. He can't have open shots."

Douglas added: "The key to our game will be what's been the key for our season all year — if we can rebound and shoot our free throws." A key player for Indiana is

Calloway, the versatile 6-6 forward. He averaged 13 points and 4.4 rebounds a game this season. Garrett, the 6-10 center, gives the Hoosiers a shot-blocking threat and Keith Smart, a 6-1 junior guard, gives them another clusive one-onone player.

has a unique role.

"We play offensively the way everybody to be involved," Boe- well Syracuse cootroled Alford.

it's difficult to play us and say game between Indiana and Sym-effort. Whoever plays him will have vou're going to stop one or two cuse Monday night seemed to lack to get help, but he'll have to be very guys." Douglas has been the catalys) for

the Orange this season and could be instrumental in stopping Alford. But during the tournament, Roov Seikaly, the 6-10 center, has been Syracuse's most important player. In the tournament, Seikaly has dominated opposition centers with a consistency he rarely displayed during the year and has averaged 25 points a game - 10 more than his season average.

Detrick Coleman, the talented 6-9 freshman forward, will also be important. "Our defense has been better in the last few weeks due to the development of Rony and Cole-man," Bocheim said. "The one thing we have this year is two shot-blockers. If you have one occupied, the other one can still be in the area.... That's been very important

Depth, once thought to be a Hoosier weakness, has emerged. Joe Hillman, the 6-2 sophomore guard, and Steve Eyl, the 6-6 junior forward, have made contributions off the bench. Syracuse has gotten good performances from two re-Indiana was up against offensive serves, Stevie Thompson, the 6-4 diversity. All five Syracuse starters freshmao guard, and Derek average in double figures, and each Brower, the 6-9 junior center.

But in the end, the outcome would be determined by the start-



we've always played, and that's for ers, and to a large extent hy how Rony Seikaly, the 6-10 center (here going up for two points against Providence), has been Syracuse's most dominant player.

Reluctantly, Vegas Bookmakers Go Back to Work

LAS VEGAS - With Nevada-Las Vegas eliminated from the NCAA basketball tournament, gamhlers were apparently delighted they had a game to bet on Monday night. But despite the late windfall, bookmakers and their

employees weren't so happy. "We were just going to close for the day and tip a few and watch the Rebels," said Doo Williams, a supervisor at the Barbary Coast sports book. "Now we have to work."

Bookmakers around the city said they were sorry to see top-ranked UNLV drop out after a 97-93 semifinal loss to Indiana on Saturday, even though it meant they could now take several million dollars in bets on the champion-

ship game,
"Everybody feels a little down right oow,"

The Castaway Sonny Reizner, manager of the Castaways sports book, said. "Everything's a little anti-

The city's legal sports books reported heavy betting Sunday on the Indiana-Syracuse maten Indiana.

State gaming regulations prohibit betting on the state's amateur teams; had UNLV reached the final one of the year's biggest betting events would have dried up.

But on Saturday the bookies were cheerleaders. "We had 300 to 400 people jammed in here cheering for the Rebels and there wasn't any betting oo the game at all," said Jimmy Vac-caro, manager of the Bally's sports book, "I was caught up in the game even though there wasn't a nickel bet oo it. I was rooting for the home

At the Las Vegas Club, every set was tuned to the UNLV-Indiana game. "We had so many people in here cheering that I had complaints from some people that they couldn't see," said owner Mel Exber, "It was a great game, I just wished the score had been different."

Exber said betting on the Syracuse-Indiana

chup for the national championship—bets that would never have been placed had UNLV bear-favoring Indiana.

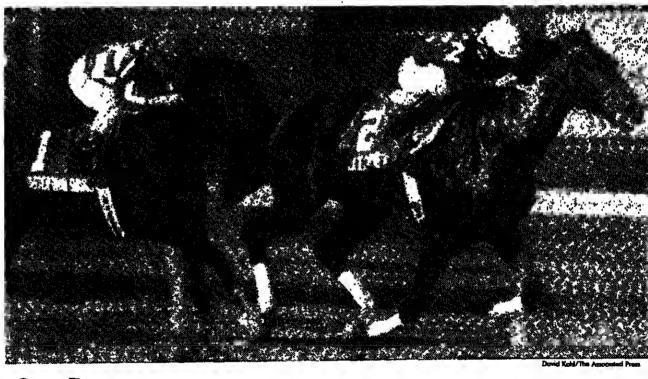
He opened the game with Indiana a twopoint favorite, but quickly moved the Hoosiers to a four-point favorite as more money came in oo Indiana

There's some real good betting on the game," he said. "I'll take the bets, but I still wish the Rebels would have been there."

Most of the bookmakers agreed that the iblicity UNLV received hy getting into the Final Four was worth far more than could have been woo on any of the games. Even for oddsmakers in a city built on gaming, image is

important,
"We fight the pegative publicity day after
day. There's always the innuendos," Vaccaro

This basketball team did 20 times as much work in a week as we did in 20 years. It showed the city in another light. People forget that we're a town, we're a community. Our kids go to school here and we have churches."



Great Day

both at a mile-and-1/16, during the weekend. He took the Jim Capote, the 1986 juvenile champion, who makes his 1987 debut Beam Stakes at Kentucky's Turfway Park Sunday evening this weekend in Gotham Stakes at Aqueduct in New York. "It's aboard undefeated J.T.'s Pet (above), after winning Saturday's an exciting dilemma," said Day, who must decide soon which Rebel Stakes at Oaklawn Park in Arkansas with Demons horse be'll ride in the May 2 Derby. "I can't comment further."

Jockey Pat Day won two major Kentucky Derby prep races, Begone. The Eclipse Award-winning rider also has the call on

37) Oaktey 10). Paritimal 33 35 37 39—125 San Antonio 27 17 12:—113 San Antonio 27 17 12:—113 To Preside 15-28 1-231. Vandeweighe 13-24-2-28, Kersay 10-14 0-14 22; Berry 10-14 4-24, Sundvoid 30-14 3-3 24, Greenwond 6-12-6-17 18, Rebeends: Portiond 35 1C, Jones 12): San Antonio 44 (Gilmore 15). Assists: Portiond 35)Porter 131; San Antonio 35)Sundeweigh 9). Doffics 24, 35 29 21:—141 Chresisand Silverinand 14-25 10-12 38, Perkins 7-10-1-15; Dougherty 7-11 5-7 19, R. Horber 9-17 0-1 18. Responseds: Doffice 55) Toropier 141; Cleveland SI)Williams 15). Assists: Doffice 15 | AssistraHarper 61): Cleveland 27 | Bogler 71. Defruit 29-23, Green Thiorice 2-10-11 26; Accomiel 12-17 3-6 27, Ellis 8-21 4-4 23, B x-Detroit St. Louis Dontiev 12-149-933, Green Thomas 21 10-11 26; McDaniel 12-17 3-6 27, Ellis 8-21 4-4 23, Rebounds: Detroit 47 (Mohorn 19); Sectite 45 (McDaniel, Chamber 9), Assigts: Detroit 17 (V. Johnson 7); Seattle 24 (McAllian 10).

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Golf

Top finishers and corntries in the Tourns-ment Players Championship, which anded

Scott Simeson, \$44,600 Grag Norman, \$44,600 Poul Atheer, \$34,000 Don Pohl, \$22,250 Bill Glotson, \$32,250 Torn Kits, \$27,000 Torn Pertzér, \$27,000 Ben Crensbow, \$77,000

Ben Crenshaw, \$27,009 Brad Fabel, \$27,000

Larry Mize, \$71,000 Hubert Green, \$16,000 David Frest, \$16,000

Steve Jones, \$16,000 Mike Reid, \$14,000

78-66-49-49--274 68-66-49-73--275 69-65-48-74--276

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Women's NCAA Final St. Louis Son Franci Cincinnati (Al Austin, Toxes) SSEE 67, LOUISIANA Toch 44 545 574 570 500 480 474 400 13

> SUNDAY'S RESULTS Los Anceics 6. Montrool 3
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> Allordo 12, Bolthmore 1
> Cleveland 18, Chicago Cubs 6
> Alfrechize J. Son Francisco 2

Tennis MEN'S TOURNAMEN

urbara Potter, U.S. 44 42

Hockey

son) 351 / Foliano (27), Creighton 1141. Shots on good: Edmonton (on Puppo) 14-114-31; Buffolo)on Futr'l 14-15-14-47. Teronts 2 2 2 2-45 Wheelpes 7 1 8 1-2 Thomas 2) 33), Clark 2 (36), Allison (7), Thomas 2 (33), Clark 2 (36), Allison (7),
Courhnall (19): Cartyle (15), Mullen (18).
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Crowdor (22), Neely (35), Bourque 2 (22), Linsenson (15); Secord 2 (28), Wortson 2 (12),
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Transition

American League
SEATTLE—Outrighted Ston Clerke, pitch
er, to Calgary of the Pacific Coast League Mattenti League
CINCINNATI—Waived Max Venatile suf conditional release.

MONT REAL.—Outrighted Reser Cote and
Mike Smith, pitchers, to Indianopolis of the
American Association.

SAN FRANCISCO—Outrighted Joe Price
plicher, to Phoenix of the Pacific Coosi

National Basketball Association NAW YORK—Signed Bill Martin, for

HOCKEY
National Hockey Longon
BUFFALO—Sent Bob Logan, right v
Rochester of the American Hockey L Rochester of the American Hockery League Recalled Daren Puppa, goalle, and Paul Irydges, center from Rochester. N.Y. RANDERS—Sent Paul Fenton, de-COLLEGE CLEVELANO STATE--Homed Tom

COLORADO STATE-Named Boyd Gra raskethol) coach. KANSAS—Announced that M Mithetic director, resigned. Named Greg Bloche assistant football couch. KANSAS STATE—Named Daic Steele and Jerry Polimieri assistant logitoti couches. MCNEESE STATE—Named Stave Well

basketbali coach. OHIO STATE—Named Gary Avediki ORAL ROBERTS—Announced that if will UKAL RUBEKTS—Announced that if w willdraw from the Midwestern Collector Conference effective June 30 to pursue inte collections attieffed as an independent. PLATTSBURGH—Announced the resigna-PLATISBURGA—Armounces the resignation of Doug Riley, basketball coach.
PLYMOUTH STATE—Named Kevin Brad

SAN DIEGO STATE—Nomad Cho xoli cooches. WILLIAM & MARY—No

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ART BUCHWALD

The Electronic Ministry

"Somebody's trying to take my flock. I suspect it's that garden snake Reverend Jimmy Haggard.

the one who takes Master-Card and VISA to heal arthritis sufferers. He wants my ministry so he can cash in on my late-night listeners. God, I need You to come up

with a poison pill defense Buchwald against this diabolically hostile

takcover. "Lord, don't listen to the stories about me committing a sexual transgression with my secretary in the TV control room. This is just the Devil's blackmail put out by Haggard to hurt my Nielsen rat-ings. You know and I know there is less hanky-panky in the 'Church of the Tender Wallet' than any TV pulpit in the land.

"Haggard is putting out the word that I've sinned in church business administration. He can go to hell. Last year we grossed \$100 million, of which You got two. Sales of my wife Barbie's gospel album have soared through the roof. The condos on the Red Sea Golf Course are finished, the Cain and Abel amusement park is SRO, and we're adding another wing to the 25-story Sodom and Gomorrah Motel.

"Haggard can't come close to our oumbers. Ask him how many Sea of Galilee hot tubs he sold last month. He almost put his church into bankruptcy.

Lord, we're willing to make any changes You want to cut expenses.

Dollars to Restore 'Arc'

The Associated Press ARIS — A multi-million dollar project to restore the Arc de Triomphe, the monument Napoleon put up to glorify his victories, is to be financed partially with American fuods, the Culture Ministry announced Monday.

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WASHINGTON — "Lord, lis-ten to me. This is the Rever-faith healers to fire and we'll do it. end Shorty Beans, broadcasting on Barbie is starting to save money Channel 83, from the Electronic already. She's dumped the entire Church of the Tender Wallet' in sympbony orchestra that always Boosterville, Virginia. This is not a accompanies her spiritual version test. I'm up to my cowboy boots in of 'If I Were a Rich Man.' And we've cut back on the fireworks display we set off every time a pledge of \$5,000 lights up the telethon board.

"And get this — I decided to take a salary cut. I intend to say today on the air that I will accept no more pay from the 'Church of the Tender Wallet' than Lee Iacocca takes out of Chrysler.

"Haggard has no right to bad-mouth me, Lord He's Satur's hatchet man. If you allow him to take over our TV show the ratings will plummet to zero. He'll drive every viewer from our channel to 'Miami Vice.'

"Lord, I've got a great ploy to stop the takeover. I'm going to announce that, if the listeners don't give me \$8 million to prevent Haggard from grabbing my church, You are going to take me home. It's going to be 'bye-bye' Reverend Shorty because I'm going to that big cathode tube cathedral in the

"If that fails I will go for broke. I shall say that if my congregation doesn't raise the money I'm going to do something desperate. I'm going to run for president of the United States.

"I know what You're saying, Lord. Where do I come off running for president? It's very simple. I have all the qualifications any candidate has this year, not to mention my own TV octwork. I'm going to tell my flock a vote for me is a vote for You and - if you doo't mind Lord — I'm going to reveal that I have your endorsement. And if this doesn't do the trick I will bring up my war record.

"You don't have to make any ersonal appearances for me, Lord. By the same token You doo't have to make a hig deal of it if You are not going to be there "I think I've covered everything.

We're only three minutes to air time. What I'm asking from You, Lord, is to help me stop the Devil's takeover of my ministry. If this means a Holy War, thy will be done. Trust me, Lord, I will always keep one eye on You and the other on the bottom line."

With Cousteau **Aboard Calypso**

By Phil McCombs Washington Post Service

WITH Captain Jacques I was Coustean standing on the bridge and the French tricolor fly-/ ITH Captain Jacques-Yves ing above, the Calypso of Toulon, perhaps the world's most famous adventure and exploration ship, eased into Papeete harbor in the heart of French Polynesia at 8:30 A.M. on March 11. Cousteau looked at his watch and declared, "On time!"

Then he went out to the flying bridge to smile and wave at the small group of colorfully dressed men, women and children waiting on the dock to greet him.

The Calypso tied up at the French Navy Yard, where Cousteau, who spent nearly three decades in the navy before retiring in 1957, believes the ship will be safe from the hubbub of downtown Papeete, and where the wooden bottom can be scraped, caulked and repainted.

The four-mooth voyage off New Zealand will be edited into a two-hour television special as part of Cousteau's "Rediscovery of the World" series.

Calypso, with its crew of divers and underwater cameramen, its Hughes 300-C helicopter nicknamed "Felix" and special deepdiving submarine, and its big yel-low shark-cage securely lashed to the foredeck, wound up four months of exploration in New Zealand with a trip through the Kermadec Islands, a string of volcanic outcroppings belonging to New Zealand and lying more than 400 nautical miles northeast of the mainland, before sailing to

In the Kermadecs, the final days were filled with turmoil as the divers, photographers and scientists scrambled to cover the oew material they found there, and also filled in gaps from previ-ous scenes detailed in lists written by Coustcan in green ink: "multiple dive . . . passing down the electrical cable . . . all dialogue natural . . . the legend of the giant groupers . . . the gag with the mechanics who ask for a re-

duction in speed . . . the interrogation of returning divers."

Consteau worked in a low-key, friendly way with his crew, but be was relentless in his effort to have

every detail filmed the way he envisioned it. There's a limit to what the viewer can assimilate," he said.

"That's my big problem bere there is so much, it is beginning to be a problem in editing. One has the question of conservation, of the Maori kids. It is all so rich."

From the sea, Tahiti appears very beautiful — sharp volcanic hills rising green into banks of fluffy clouds, the surf breaking white on the outer reef. But as Calypso made its way across the harbor, a good deal of trash was visible in the water.

Calypso had been chugging aloog at a steady 11 knots from Raoul Island in the oorthern tip of the Kermadecs to Papeete har-bor — 1,706 nautical miles.

This was pure voyaging, a throwback to another era - day after day upon the sea. The crew fell into a routine of sleep, watchwork. The meals were a high point of sociability. Men sat in the suo afterward, smoking, drinking coffee from huge mugs and watching the sea go hy. Mornings, Cousteau huddled

in his cabin until ocon with Rich-

ard Murphy, the Cousteau Society's vice president for science and education. They discussed projects and mapped the society's policy and future plans. The list of projects is amazing. A Cousteau Ocean Center is being designed for central Paris, and negotiations for similar centers are under way with several cities in the United States, Cousteau comic books are being published in French, as well as cards of undersea lore - much like baseball cards - to which kids can buy a monthly subscription. We are preparing ecology books for primary schools in the Third World -very simple, illustrated, and on inexpensive paper," Cousteau said. There will be monthly "Vi-

declogs" for society members on

Jacques Cousteau, right, consults with the Calypso's captain Albert Falco.

the work of the Calypso crew and other Cousteau employees.

Already a staff is at work in Paris on a "peace almanac," similar in format to the 838-page ecology almanac ("An Inventory of Life on Our Water Planet") published by Doubleday in 1981. This is a vast mishmash of material, including essays on hamburgers and paper clips, with an introductioo by Cousteao stressing "a new global consciousness" and "a selfless desire to share . . . resources more equitably."

Cousteau almanaes on educatino and the Third World are also envisioned, he said.

At the same time, Cousteau had been working off and on, on a personal book, which he said is a "book of ideas" and oot his memoirs. At dinner one night he got to talking about the future and gave a sample or two from the book.

"The irony," he said, "is that people will work only an hour a month because of automation, and then spend the rest of their lives trying to repair the damage done by civilization. In my book, I have [a scenario] in which, after all the dangers of the bomb and starvation in the Third World have come to pass, finally, by gene manipulation, we achieve the eternal. People don't age. They die only by accident.

Then what should they do? They re-create evolution from the beginning! They create a super zoo with every possible mutation as part of a favorable environment, and we get back to where we are now! Finally, they communicate with other civilizations that are developing, and they all end up eternal. Then they decide not to fight anymore — no star wars. There's a big meeting, and it's like

Olympus because they're gods and you're back to the original Greek concept of the gods on Olympus ruling the world. So that's how I see the future of our

Breakfast aboard Calypso is simple - some bread and jam and coffee eaten casually - but lunch and dinner are fabulous productions, each meal a tribute to the superb training and skill of chef Patrick Bernard, who studied for two years at the Hotel School in Brittany — and whose occa-sional caths could be heard emanating from Calypso's tiny galley as the ship from time to time rolled badly and spilled a pot of balling system

boiling water. Meals were served in the wardroom, the only indoor common space aside from the bridge and communications room. If you are 6-foot-1 and wearing shoes, you cannot quite stand upright in the wardroom, which is smaller than an ordinary apartment bedroom. There is a bookcase and storage units down one side and at one end, and a long dining table running from end to end.

Coustean headed the table at the first sitting, and Simone Cousteao, the captain's wife, the world's first woman diver - and first lady of the Calypso - at the second. There was always red wine - New Zealand vintages, mostly, on this trip - which was drunk from water glasses. Bowls of French bread and some condiments completed the setup.

Weather is a constant concern. January through March is a dangerous time in these latitudes, and during the weeks we were at sea several cyclones swept through the South Pacific.

While we were in the Kermadecs, a cyclone crossed the path we articles.

would later take to Tabiti. And on March 9, when we were just 520 nautical miles from Tahiti, Albert Falco, the ship captain, reading s weather map, announced that a cyclone with winds in excess of 100 knots was in the northwest and heading for the Kermadecs, which we had left four days earli-

3

"We are so lucky," Falco said.
"Calypso is so lucky." He said he had oever been on the ship through such a storm, "and I hope I never have to. Calypso goes II knots, and sometimes a cyclone goes 15, 25, 30 knots. You cannotrun away." The ship, he said, could lose the work boats isshed to the deck and a good bit of other gear, including the helicopter perched high on its landing pad

Paneete seemed very hot --- in the 80s and low 90s. And the tropical sun burned the skins even of the Calypso crew, toughened as they were by exposure to the elements. Some went into town, but there was surprisingly little interest in night life among these men who have been at sea so long.

They were devoted to the ship, to getting it into shape, taking inventory, ordering supplies. The divers checked and stowed their gear. The scientists packed the samples gathered over several months.

On one of the last evenings, the cook prepared a buffet dinner, and it turned into a little party. with Cousteau and Madame playing hosts to the crew. Some of the men wandered out and ate on the afterdeck, watching the sun set over the mountains on the nearby island of Moorea.

Excerpted from a series of three

PEOPLE

Pub

Reagan Joins in Spoofs . At Gridiron Club Dinner

After three hours of spoofs about the Iran-contra affair, Presided Round Reagan got his turn at the Gridiron Club's white-tie dinner With the Iran thing occupying everyone's attention, I was thinking: Do you remember the flap when E. said, We begin bombing in five minutes? Remember when I fell. asleep during my andience with the pope? Remember Bitburg? Boy, those were the good old days." The confession took place in the satirical setting of the annual Gridiron dinner Saturday. The president and Nancy Reagan were reportedly good sports about lampoons of the president's memory (or lack thereof), the first lady's backstage power thay, the new ties of former White House sides.

John Poindexter, Oliver North and Donald Regan and Swiss bank accounts. "Nancy and Don at one point tried to patch things up. They met privately over hinch. Just the two of them and their food tasters," the president also quipped.

A vast collection of scores, letters, recordings and memorabilia? of Arturo Toscanimi, valued at about \$2 million, has been acquired by the New York Public Library. Most of the material in the collection is expected to be made available to researchers within months. Separately, Wanda Toscanni Horowitz, the conductor's daughter, giving the library 38 letters writters to her parents by the composer Giacomo Paccini

Resolving a six-year old dispute with the Louvre, the Cleveland Museum of Art announced yesterday that it had agreed to lend a painting by Nicolas Poussin to the Louvre for periodic exhibitions with his over the next 25 years. The first will be May 1, 1987, to April 30, 1990.
The agreement with the French
Ministry of Culture also ended proceedings that were pending against
Shemma E. Lee, former director of
the Gleveland Museum. The case
involved Lar's parties of the
painting. 'Holy, Family on the
Steps," in 1981, despite it's having
left France without an export lacense. 'Having had spectacularly
could relations with French musebe May 1, 1987, to April 30, 1990.

ums for many years, it was sad to see them break," said Dr. Evan good relations with French muse-Turner, the director of the Cleve land Museum.

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